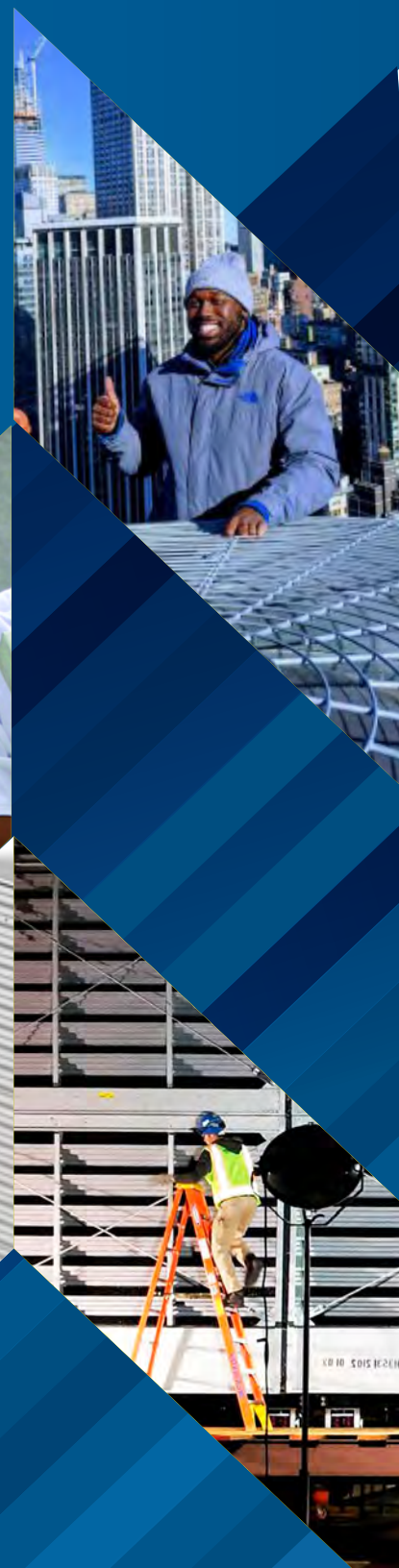


BALTIMORE AIRCOIL COMPANY

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

2021





FOREWORD BY DON FETZER, PRESIDENT

Over the past few years, we have seen fundamental societal changes, driven by the COVID-19 pandemic, the accelerated effects of climate change, and the democratization of how we communicate and consume information. These changes have altered our business environments and created unprecedented challenges and opportunities.

We, at Baltimore Aircoil Company, as the global leader in evaporative cooling, the most sustainable cooling technology in the market, have an obligation to innovate so that we can achieve our vision of reinventing cooling to sustain the world. We are grateful and proud of not only our employees, but also our global network of sales and service personnel for their commitment and support to keep people comfortable, critical processes running, and the global food chain intact.

Sustainability has always been top of mind at BAC, but we also recognize that in order to achieve our mission of advancing truly sustainable cooling – inspired by nature, and powered by our people, we needed to elevate our Social and Governance initiatives. Therefore, we are pleased to share with you BAC's first-ever ESG report.

This ESG report not only helps us capture our accomplishments but more importantly, it sets metrics and targets to hold ourselves accountable to

achieve the best business results in environmentally and socially responsible ways.

Our strategic environmental efforts focus on carbon emissions reduction, as we continue to launch new products at a record pace, with each new generation being more energy efficient than the last. We also want to minimize the environmental impact of how we design and operate our facilities, targeting to reduce Scope 1 and 2 emissions by 50% by 2030.

We are also cultivating a sustainable supply chain, to help ensure that our partners are also following the same journey we are on to maximize our collective ESG impact.

BAC has always fostered diversity and inclusion in the work environment and we want to build upon the strength of our people so that we can reach the highest levels of performance and continue to position BAC as the market leader. Our organization is evolving to reflect the diversity of the communities of our workforce and customers. We recently appointed two female leaders to the Global Leadership Team. We established our very first Employee Resource Group as part of our diversity initiatives.

Publishing this report is our first step to a strong Governance structure through transparency of our

performance and targets.

Lastly, we are incorporating these objectives into performance plans for all key managers, to connect activities and behaviors to what we are trying to achieve.

We are on a journey to Reinvent Cooling to Sustain the World. That is our vision, and it is backed up by our actions. Compiling this report challenged us to identify environmental, social, and governance actions that we have taken. Until now, we had not recognized them as extraordinary or newsworthy simply because they are just in our nature. It has also called our attention to the fact that there is so much more that we can do.

And we will.

A handwritten signature in black ink, appearing to read 'Don Fetzer'.

Don Fetzer

President
Baltimore Aircoil Company

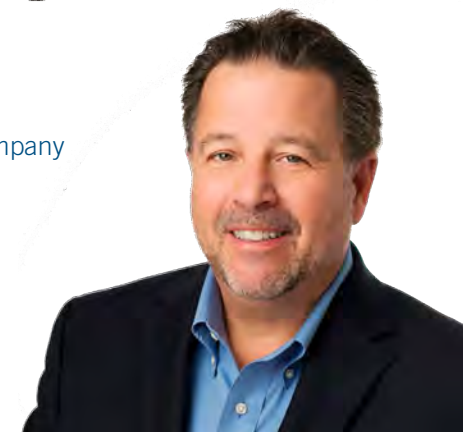


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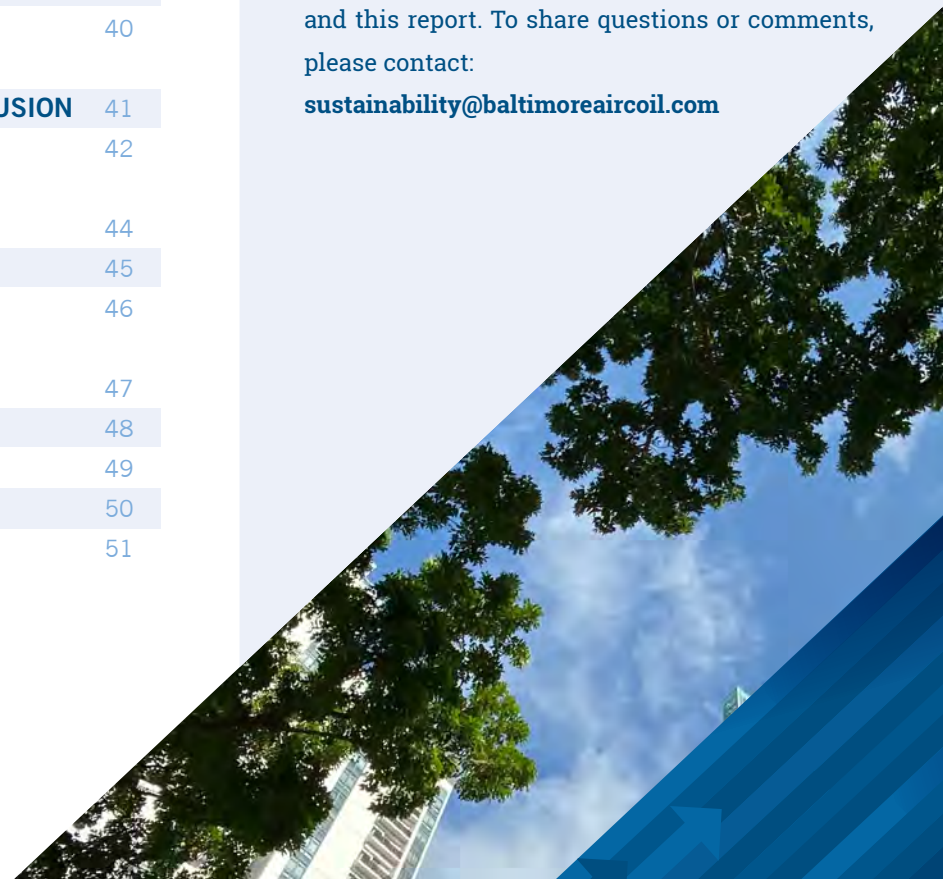
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ABOUT THIS REPORT

This first Environmental, Social, and Governance (ESG) report of Baltimore Aircoil Company reflects our commitment to transparency and provides detail for our stakeholders on progress to date against our ESG goals and objectives. Unless otherwise noted, this report covers initiatives and performance associated with our global operations. All years listed in the report refer to fiscal years, starting on October 1st and ending on September 30th.

We welcome your feedback on our ESG strategy and this report. To share questions or comments, please contact:

sustainability@baltimoreaircoil.com



01

A global leader in developing, manufacturing, and distributing evaporative and hybrid cooling and ice thermal storage products, BAC is committed to sustainability at every level and facet of our organization.

ABOUT BALTIMORE AIRCOIL COMPANY



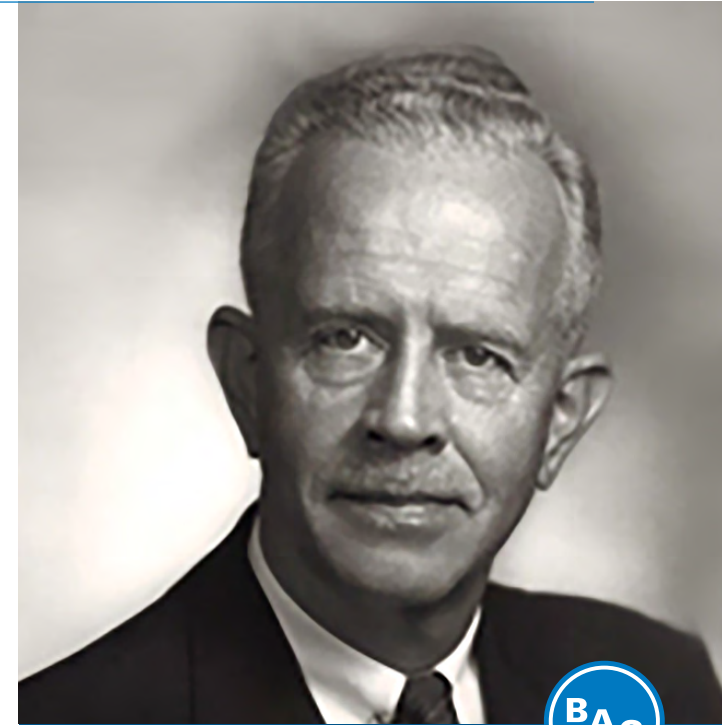
01 ABOUT US

OUR HISTORY

Baltimore Aircoil Company (BAC) is a global leader in developing, manufacturing, and distributing evaporative or hybrid cooling and ice thermal storage products. We meet clients' specific cooling needs with high performance, environmental awareness, and a product and solution for each market and need. For more than 80 years, BAC has been leading the HVAC, Industrial, and Refrigeration markets in developing and implementing customized cooling solutions that not only provide substantial energy savings for customers, but also conserve the most precious resources on the planet.

BAC was founded in 1938 by inventor John Engalitcheff, Jr., a Russian immigrant who came to Baltimore in the 1920s as a child. He sold his wife Virginia's wedding ring to start the company and went on to develop 47 patents, 23 of them in the field of evaporative cooling. In 1996, Engalitcheff

was inducted into the ASHRAE Hall of Fame. Today, Engalitcheff's pioneering spirit lives on through the innovative products and commitment to excellence of a global company that leads the way in the development of truly sustainable cooling solutions.



BAC Founder John Engalitcheff, Jr.



01 ABOUT US

OUR MARKETS

Whether it is an HVAC system for a hospital or data center, refrigeration for a brewery or cold storage warehouse, or a specialized cooling solution for a steel or petrochemical application, BAC meets the energy efficient cooling needs of a broad range of customers in various industries worldwide.



HVAC

A temperature-controlled environment is essential for people to comfortably live, work, learn, and play—in every climate. BAC engineers design unique HVAC solutions for applications that include office buildings, schools and colleges, healthcare facilities, hotels and resorts. BAC keeps mission-critical data centers cool and sustainable by reducing stress on the power grid for hyperscale, enterprise, and telecom data center clients.



REFRIGERATION

When cold storage and distribution facilities, meat, dairy, and beverage production and processing plants, ice rinks, and other facilities are looking for the most reliable, cost-effective refrigeration solution, they look to BAC. Being able to keep the food we eat cold and fresh is essential to the success of supermarkets, supercenters, warehouses, wholesale clubs, and commercial distribution facilities, and paramount to sustainability.



INDUSTRIAL

BAC's cooling solutions are sustaining businesses. In manufacturing facilities like automotive, appliances, pharmaceutical, and plastics, or heavy industries like power generation, primary metals, chemical, pulp and paper, oil and gas, mining, industrial gases and more, BAC products help maintain the highest levels of uptime with the lowest operating costs, ensuring smooth and uninterrupted workflows.

01 ABOUT US

OUR PRESENCE

BAC has built upon the same innovation and vision it was founded on to become a global leader in the industry. BAC is one of Amsted Industries' four global businesses and operates on five continents with manufacturing locations in six countries. Our sustainable cooling solutions can be found worldwide.

BAC GLOBAL LOCATIONS



	1	Madera, California	Factory
	2	Dayton, Tennessee	Factory
	3	Baltimore, Maryland	Global/Americas HQ Test Lab
	4	Milford, Delaware	Factory
	5	Heist-op-den-Berg	EMEIA HQ Factory
	6	Chiuro	Factory
	7	Bovolone	Factory
	8	Cape Town	Factory
	9	Shanghai	Asia Pacific HQ
	10	Dalian	Factory Test Lab
	11	Kunshan	Factory
	12	Somersby	Factory

02

**Reinventing
cooling to sustain
the world.**

VISION, MISSION AND VALUES



02 VISION, MISSION AND VALUES



REINVENTING COOLING TO SUSTAIN THE WORLD

BAC is committed to continually advancing its vision by:

- Protecting the environment
- Supporting economic growth
- Strengthening our industry role
- Enhancing quality of life
- Elevating our employees
- Reaching more people

BAC invented modern evaporative cooling in 1938. Since then, we've been reinventing cooling through the products and technologies we create.

At BAC, we have always been driven to improve lives. Through comfort cooling, production process cooling, and food refrigeration, we enable people all over the world to live and work in a safe and healthier environment.

We recognize that human progress comes at a cost to our planet. Year after year and product after product, we are reducing that cost, while increasing our positive impact on the environment.

02 VISION, MISSION AND VALUES

MISSION

Everything we do at BAC, from the smallest improvements to the greatest leaps in innovation, serves this core purpose: To continually advance truly sustainable cooling – inspired by nature, powered by our people – for a world that depends on it to grow, succeed, and thrive.

BAC fosters an environment of openness, transparency, honesty and integrity that promotes collaboration and teamwork. This builds the foundation for the organization to reach the highest levels of performance and continues to position BAC as the market leader in our industry.

02 VISION, MISSION AND VALUES

VALUES

As a team of passionate, professional individuals, we put our values into practice every day:



SHOW COURAGE

We are determined to overcome obstacles in order to succeed. This means that we welcome challenges, work through difficulties, take calculated risks, and give direct, actionable feedback.



DRIVE INNOVATION

We continually lead the industry in delivering newer, better solutions by challenging the status quo and actively seeking insights. We collaborate to create, and we learn from our mistakes.



EMBRACE RESPONSIBILITY

We care for our world and the people in it. The safety and well-being of all is a high priority, and we deliver solutions that are truly sustainable by using resources wisely. Importantly, we hold ourselves to high standards which means we hold accountability for our actions.



EARN TRUST

We instill confidence in customers and colleagues through our words and actions by being honest, genuine, professional, and ethical in our conduct. We do what we say we will do, and we do what is right, not what is easy.

03

Inspired by nature.

Powered by our people.

Driven to serve our

customers' unique needs.

SUSTAINABILITY



03 SUSTAINABILITY

Sustainability is at the foundation of BAC's strategy and vision:

REINVENTING COOLING TO SUSTAIN THE WORLD



THE CRITICAL NEED FOR SUSTAINABLE COOLING

The process of cooling is essential to keeping people comfortable, ensuring productivity, guaranteeing the right storage and handling conditions for lifesaving products and commodities, such as COVID vaccines and medicines, along with essentials, such as food. Any limitations placed on access to cooling would create productivity losses and adverse impacts on the provision of quality health care, nourishment, education, and more.

Mega-trends like increasing urbanization, global population growth with an expanding middle class, digitalization, and increasing average global temperatures due to climate change have led to an exponentially growing demand for cooling. As the global leader in evaporative cooling and thermal storage solutions, BAC is equipped to take up this challenge. We are making sure it is as efficient as possible to cool humanity while minimizing the contribution to global climate change.



03 SUSTAINABILITY

FOCUS AREAS FOR OUR SUSTAINABILITY EFFORTS

We began our sustainability journey in 2015 with these areas of focus:

DEVELOP AND OFFER SUSTAINABLE PRODUCTS

In 1938, BAC invented one of the most natural, energy-efficient cooling systems on earth and that was just the beginning. We have been innovating ever since to optimize our energy and water efficiency.

BY 2030 WE TARGET TO:

- Provide life cycle assessments for product lines that jointly cover at least 75% of our annual revenue
- Continuously increase the energy efficiency of our products with successive product developments
- Continuously increase the share of water-efficient products as percentage of annual revenue

DESIGN AND OPERATE OUR FACILITIES TO MINIMIZE ENVIRONMENTAL IMPACT

In 2015, we started measuring the impact of our facilities with a primary focus on GHG emissions, energy and water consumption. We are tracking these metrics monthly to ensure that we make efficient and sustainable use of natural resources and reduce our impact at each step.

- Reduce Absolute Scope 1 and 2 emissions by 50% (vs. 2019 baseline)
- Continuously improve the energy and water intensity (per hours worked) of our facilities (vs. 2019 baseline)
- Have all our major facilities triple-certified according to ISO 9001 / 14001 / 45001

PARTNER WITH SUPPLIERS TO CULTIVATE A SUSTAINABLE SUPPLY CHAIN

Strong partnerships are crucial to ensure that our suppliers align with BAC's sustainability goals. Collaboration and transparency are key to establishing a supply chain that balances economic, social and environmental aspects.

- Ensure that all significant suppliers globally comply with the BAC Code of Conduct for Suppliers and Subcontractors
- Allocate sustainability the same weight as other key metrics in supplier selection and performance evaluations

03 SUSTAINABILITY

FOCUS AREAS FOR OUR SUSTAINABILITY EFFORTS

We began our sustainability journey in 2015 with these areas of focus:

ELEVATE DIVERSITY, EQUITY, INCLUSIVITY, AND SAFETY IN OUR WORK ENVIRONMENT TO ENABLE OUR EMPLOYEES TO GROW, AND MAKE A POSITIVE IMPACT ON COMMUNITIES

We believe that our employees build our company. The well-being and safety of our employees is of utmost importance. At BAC, we want to create an environment that encourages our employees, communities and partners to conserve and respect natural resources by taking initiatives to develop a sustainability awareness culture. We recognize the value of employee and corporate volunteering in making a difference to the planet and its communities.

BE THE RECOGNIZED LEADING PROVIDER FOR SUSTAINABLE HEAT TRANSFER SOLUTIONS

We understand that becoming a sustainable company can only be done if all departments are aligned and guided by a strong leadership commitment and robust governance processes. Transparency and accountability help build recognition for our efforts at all stakeholders.

BY 2030 WE TARGET TO:

- Reduce the global Total Recordable Incident Rate (TRIR) to 2.0 incidents or less by 2024 and make continued year-over-year improvements
- Integrate strong Diversity, Equity, and Inclusion advocacy and behavior throughout the organization
- Positively impact the lives of at least 50,000 people by actively supporting water related charity, impacting carbon footprint via afforestation and continue local community initiatives
- Increase female representation within professional and leadership roles
- Ensure a robust sustainability governance process, including public disclosure of our progress according to global standards and regulatory requirements
- Include sustainability in the yearly performance objectives of all key managers

03 SUSTAINABILITY



PRODUCTS THAT SUSTAIN THE WORLD

For more than 80 years, our strong history of innovation and focus on changing trends has established BAC as a leader in sustainable cooling across HVAC, Industrial, and Refrigeration markets globally.

MAKING THE MOST OF EVAPORATIVE COOLING

Evaporative cooling is all-natural, using water as the cooling medium, and air, to efficiently dissipate heat. The high energy-efficiency of evaporative cooling yields several advantages, such as considerable system energy savings and reduction in Scope 2 emissions.

MEASURING OUR PROGRESS

More than 90% of the carbon footprint of BAC's products is generated during operation. Therefore, we can make our biggest impact by focusing on: developing products and

solutions that are more energy efficient than their predecessors; applying those solutions to maximize system efficiency.

We use the Product Vitality Index (PVI) to measure success in product innovation. The PVI represents sales of products launched in the past five years as a percentage of total sales. Given that our newest products are also the most energy efficient, a higher PVI indicates that we are successful in driving the adoption of the most efficient cooling solutions in the market, lowering the carbon footprint of our customers.



HXV Hybrid Cooler and Nexus® Modular Hybrid Cooler



Our target PVI is 27% by 2027.

03 SUSTAINABILITY

PRODUCTS THAT SUSTAIN THE WORLD

We are focused on improving energy efficiency, reducing our impact across the product's lifecycle, expanding water saving options, and harnessing the power of intelligent controls. We have set the target to have Life Cycle Assessments (LCAs) available for product lines that jointly cover at least 75% of our annual revenue by 2030.

DESIGNING WITH A LIFECYCLE PERSPECTIVE

We are focused on improving energy efficiency and reducing our impact across the product's lifecycle.

We have set the target to have Life Cycle Assessments (LCAs) available for product lines that jointly cover at least 75% of our annual revenue by 2030.

EXPANDING WATER SAVING OPTIONS

To support our customers in meeting their water management goals, we have developed special coatings such as Baltibond® and TriArmor® to reduce water and chemical usage by up to 30%, due to the tower's ability to run with higher cycles of concentration.

BAC has pioneered the development of water saving technologies which utilize an optimal combination of dry and wet operation tailored to local conditions.

We have set the target to continuously increase the share of water-saving products as a percentage of our annual revenue between now and 2030.

HARNESSING THE POWER OF INTELLIGENT CONTROLS

We lead the HVAC, Industrial, and Refrigeration markets with smart controls that optimize our customers' cooling system operation to reduce energy, water, and chemical usage, as well as maintenance.



BAC was the first to offer adiabatic technology, with TrilliumSeries™ Adiabatic Products launching in 2005.



03 SUSTAINABILITY

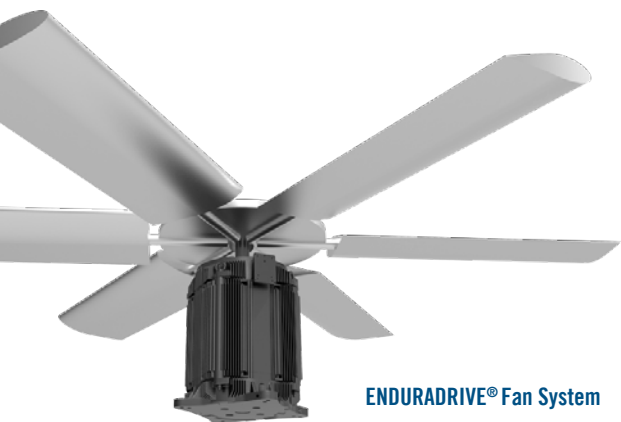


REDUCING OUR CUSTOMERS' FOOTPRINT

DIRECT-DRIVE SYSTEMS

BAC offers the most products with direct-drive systems in the evaporative cooling market, such as the Nexus® Hybrid Modular Cooler, Series 3000 with the ENDURADRIIVE® Fan System and the Polairis™ Condenser. Direct-Drive systems guarantee an optimal energy efficiency due to minimal drive losses. The absence of wear and tear parts also increases reliability whilst eliminating 95% of drive maintenance costs. In addition, field wiring costs and risks are avoided.

Compared to traditional belt or gear drive systems, the direct-drive systems in these product lines combined have saved BAC customers more than 43 GWh* of energy since 2015, avoiding 30 thousand metric tons** of carbon dioxide in emissions.



ENDURADRIIVE® Fan System

EXTREME EFFICIENCY (XE) MODELS

BAC XE models are the industry's most energy efficient products. They are at least twice as efficient as the requirements set in ASHRAE 90.1. They greatly contribute to Energy and Atmosphere LEED® Credits (EAcl), allowing our customers to minimize their energy and operating costs significantly. The average payback period is less than two years, making them a smart business decision for those who look for environmentally sustainable solutions. BAC XE Models have reduced the energy use of evaporative equipment by 216 GWh* since 2015, avoiding more than 153 thousand metric tons of carbon dioxide emissions.**

The recently-launched TrilliumSeries™ Adiabatic Product lines include BAC's most advanced control system with a user-friendly graphical interface.



TRILLIUMSERIES™ ADIABATIC CONDENSER

BAC's Trillium Series™ Adiabatic Condenser has made a significant impact on the supermarket industry's environmental footprint. The Trillium Series™ Condenser reduces peak energy usage by up to 44% on typical systems, while also reducing overall energy consumption by 18% on systems using climate friendly CO₂, essentially enabling an energy neutral switch to this low-GWP refrigerant for the industry. While traditional dry equipment cannot be used in warmer climates, our highly efficient TrilliumSeries™ Condenser can be used in all climatic zones. Since 2015,

users of this product have saved 5.7 GWh on system energy, compared to dry cooler alternative.



03 SUSTAINABILITY



INNOVATION AT OUR CORE

Innovation is embedded within BAC's core since its inception and has driven the success of our products.

To build on our product innovation success, BAC launched Innovation 2.0 in 2018, deploying a structured innovation process for non-product processes and building a company-wide innovation culture and mindset. This process consists of five distinct phases of innovation that focus on meeting customer needs, resulting in solutions that are more sustainable by reducing our operational and product carbon footprint.

Innovation 2.0 has enabled all of our employees to use the innovation mindset and process to accelerate our sustainability efforts, and our product and operational performance.

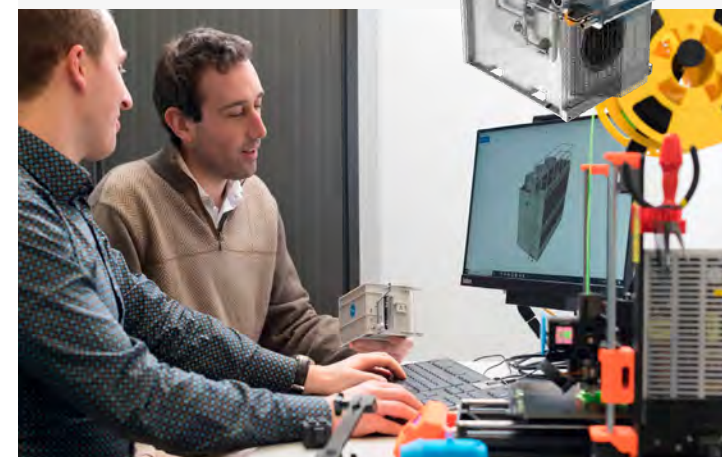
We enable this innovative thinking mindset at BAC through a team of trained facilitators called iMentors. These iMentors are not only trained in the methodology, but also skilled in facilitating innovation sessions throughout the organization.



iMentors are embedded in each of our global teams to solve challenges as they arise. In 2022 we doubled the number of iMentors across our businesses globally. As we expand innovation at BAC, we firmly believe it will allow us to continually advance cooling in a way that ensures sustainability and keeps us moving forward as a company, an industry, and a global community.

INNOVATION 2.0 IN ACTION

Patented **DiamondClear® Design** that significantly reduces water and chemical usage by up to 60%



Leveraging **Virtual Tools** including augmented reality to allow audits, inspections and tours resulting in less travel and with a more flexible training schedule



Developing **New Manufacturing Processes** that reduced product weight and material content by approximately 15%

04

Assurance that our sustainability efforts focus on the topics that are most relevant to our company and our stakeholders.

MATERIALITY



04 MATERIALITY

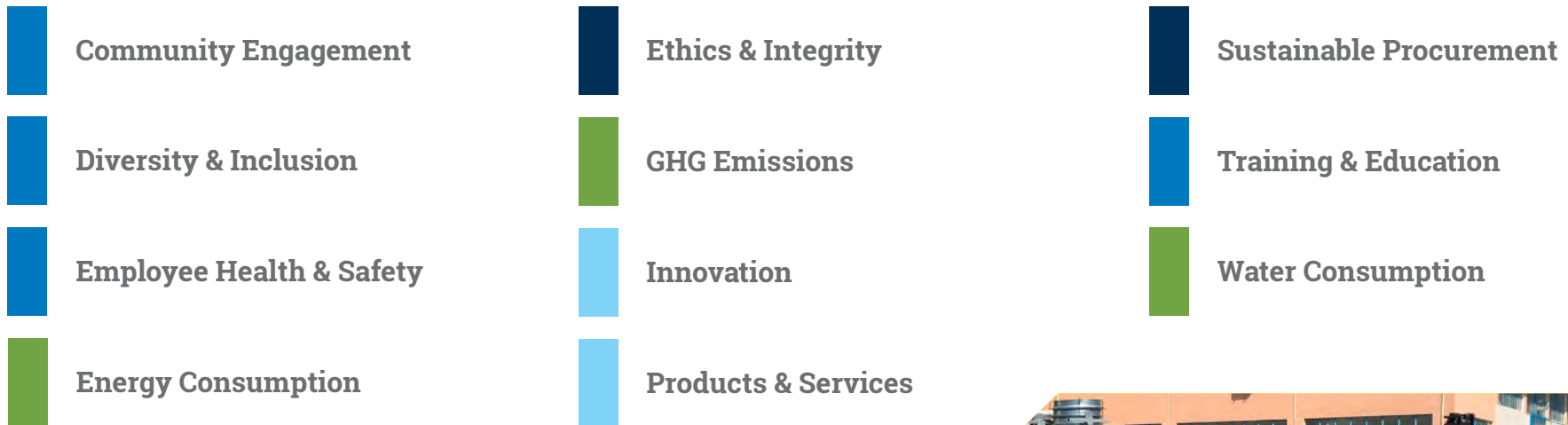
ANALYSIS OF FOCUS AREAS

We recognize that our operations and products impact many economic, environmental and social areas. In order to ensure that our sustainability efforts focus on the topics that are most relevant to our company and our stakeholders, the first internal materiality exercise was conducted.

A range of internal and external data has been analyzed, including sustainability reports created by peers and industry partners, customer feedback via surveys and direct

contacts, employee satisfaction surveys, sustainability reporting standards like GRI and SASB, and the EcoVadis sustainability assessment.

The topics derived from this analysis were condensed to a list that are currently most material to BAC and make up the focus of this report.



 Environmental  Social
 Governance  Sustainable Products



05

BAC continuously makes decisions supporting investment in the future of the company as well as the future of the planet.

ENVIRONMENTAL IMPACT



05 ENVIRONMENTAL IMPACT



A NEW STATE-OF-THE-ART FACILITY

BAC recently constructed a new state-of-the-art facility in Dalian, China where both the office building and the manufacturing plant received LEED® Gold certifications.

With an overall area of 62,703 m², the plant is BAC's largest manufacturing facility in the Asia Pacific region and it will also be home to BAC's second R&D lab. By choosing LEED Gold Certification, BAC chose to make an investment in the future of the company as well as the future of the planet. Sustainability highlights for the facility include:

Solar panels

702 solar panels expected to generate 400MWh of electricity per year, roughly 20% of the annual electricity consumption

Solar boiler

A solar boiler, estimated to save 90MWh per year of electricity for the production of sanitary warm water

Rainwater tank

A rainwater capture tank, expected to save 700m³ of potable water per year

Skylights

78 sets of optimally placed skylights to minimize the need for artificial lighting in the manufacturing area

Greenspace

A green area of 6,000 m² surrounding the facility will be planted with carefully selected varieties of plants and over 220 trees to support local biodiversity.



Dalian, China facility



05 ENVIRONMENTAL IMPACT



MEASURING OUR OPERATIONAL FOOTPRINT

BAC is committed to designing and operating our facilities to minimize their environmental impact, with a primary focus on GHG emissions, energy consumption, and potable water use.

Amsted Industries, BAC's parent company, has been a leader in developing environmental standards by managing environmental risks through historical impact assessments, and the development of a geological and chemical-based environmental risk factor sustainability

model. Many of our sustainability initiatives started decades ago and in 2015 we began collecting monthly data and will continuously work towards increasing the depth and quality of our reporting.

Our current reporting includes all major BAC

facilities, which consists of eight manufacturing sites and our global headquarters with research and development facilities. As of 2022, Coil Design Corporation and Eurocoil, our recent acquisitions, will be added to updated reporting cycles.



05 ENVIRONMENTAL IMPACT

ENERGY

To minimize the energy consumption of our operations, we closely monitor energy usage at our facilities and identify opportunities to improve energy efficiency. Examples of projects executed over the past years include:

- **LED lights and motion sensors** replaced fluorescent lamps
- **High-efficiency boilers** replaced standard models
- **Solar water heaters** installed
- **Optimizing controls** on air compressors used in production
- **Destratification fans** that reduce natural gas consumption for heating
- **Fast-closing sliding doors** installed in facilities to reduce heat loss
- **Additional insulation** of facilities

Through these investments, we succeeded in reducing our absolute energy consumption between 2015 and 2020, despite our revenue increasing by double digit percentages. The absolute rise in energy usage in 2021, compared to 2020, is mainly caused by:

- **The COVID-19 pandemic** which resulted in additional safety measures and increased absenteeism, requiring more weekend work and extra shifts. We also installed extra filters and switched off the heat recuperation in our HVAC systems, resulting in a higher energy consumption.
- **More intensive R&D lab testing** for technology and product development purposes, along with a few extensive load tests conducted upon customer request.

	2015	2016	2017	2018	2019	2020	2021
ENERGY CONSUMPTION (MWh)	40,011	39,369	38,273	38,873	38,423	39,569	44,778



In the coming years we will work to continuously improve the energy intensity (per hours worked) of our facilities versus a 2019 baseline as part of our 2030 targets.

05 ENVIRONMENTAL IMPACT

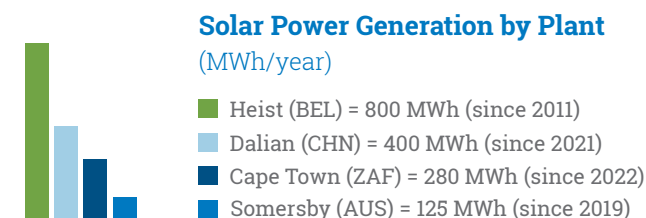
GHG EMISSIONS

The aforementioned energy optimization initiatives at BAC's sites are supporting our Scope 1 and Scope 2 emissions reduction strategy. In addition, BAC is decarbonizing its electricity supply step by step by investing in our own electricity production via on-site solar panel installations, in combination with purchasing renewable electricity from the grid.

In 2021, renewable electricity represented 21% of our total electricity consumption. We expect to increase our renewable electricity share to more than 50% in 2022, corresponding to a reduction of market-based Scope 2 emissions greater than 1500 tCO₂e.

The move towards renewable electricity goes hand in hand with other decarbonization efforts, such as switching to electric forklift trucks and promoting hybrid/electric company cars.

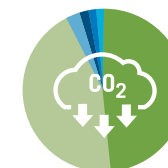
The combination of these initiatives has enabled us to reduce our absolute Scope 1 + 2 emissions by 11% between 2015 and 2020, while revenue increased by double digit percentages. In 2021, emissions increased again, due to the impact of COVID-19 and more intensive R&D lab testing as described previously. However, due to our proactive decarbonization efforts, the increase in emissions was lower than the increase in energy consumption.



Plants using 100% renewable energy (generated and/or purchased)

Heist (BEL) (since Jan 2016)
Chiuro (ITA) (since Jan 2021)
Milford (USA) (since Oct 2021)
Somersby (AUS) (since Jan 2022)

BAC Scope 1 + 2 emissions 2021



- 48% Electricity: 5209.6 tCO₂e
- 40% Natural gas: 4279.7 tCO₂e
- 5% District heat: 582.2 tCO₂e
- 3% Diesel: 285.3 tCO₂e
- 2% Propane: 243.1 tCO₂e
- 2% Gasoline: 200.5 tCO₂e

	2015	2016	2017	2018	2019	2020	2021
SCOPE 1 GHG EMISSIONS (tCO₂e)	4,428	4,230	4,003	4,049	4,015	4,330	5,009
SCOPE 2 (MARKET-BASED) GHG EMISSIONS (tCO₂e)	6,671	6,592	6,208	6,060	6,017	5,613	5,792
TOTAL SCOPE 1 + 2 GHG EMISSIONS (tCO₂e)	11,099	10,822	10,211	10,110	10,032	9,942	10,800



We are committed to reducing our absolute Scope 1 + 2 emissions and have established a 2030 target:

**Reduce absolute Scope 1 + 2 emissions
by 50% versus a 2019 baseline.**

05 ENVIRONMENTAL IMPACT

WATER

We seek to reduce water usage in our facilities and increase reuse and recirculation of water where possible because we recognize that water is a critical resource. Since 2015, BAC has been tracking its potable water consumption monthly and has taken several initiatives to achieve water consumption reductions such as:

- **Filtration systems** on coil test tanks to maximize water reuse and minimize the fresh water quantity required, while keeping the water quality under control
- **Rainwater harvesting tanks** to capture and reuse rainwater for toilet flushing, unit cleaning, and gardening
- **Reuse of mop wastewater** as direct contact cooling water in Madera's pipe mill, instead of using ground water from the site's well
- **Reuse of compressor condensate water** for process cooling, replacing 38 m³ of potable water consumption per year. This also eliminates transportation of water to a treatment facility
- **Rainwater infiltration facilities** at Heist that provide an infiltration volume of 373 m³ and an infiltration area of 898 m² to enhance aquifer recharge
- **Water-saving toilets, urinals, and faucets**

	2015	2016	2017	2018	2019	2020	2021
WATER CONSUMPTION (m³)	43,971	55,334	46,783	39,298	44,465	36,625	41,169

Data covers all major BAC facilities (8 manufacturing sites + global HQ with R&D lab). Recently acquired facilities Coil Design Corporation and Eurocoil will be added as of 2022. Water consumption from municipal water distribution network and on-site well, excluding collected and re-used rainwater.



The absolute rise in water consumption in 2021, as compared to 2020, is due to more intensive R&D lab testing, along with a number of tests conducted upon customer requests. This testing helps with technology and product development to accelerate our new product innovation and launches. Further, the recent start-up of our new Dalian production facility caused an increase in water consumption with the initial filling of fire systems and test tanks.

Considering these factors, our absolute water consumption of 2021 is still 6% lower than the 2015 value, while revenue increased by double digit percentages, due in part to the reduction initiatives we have implemented over the years.



We will work to continuously improve our water intensity (per hours worked) of our facilities versus a 2019 baseline as part of our 2030 targets.

06

We believe that our employees build our company. The well-being and safety of our employees is of utmost importance.

EMPLOYEE EXPERIENCE



06 EMPLOYEE EXPERIENCE

HEALTH & SAFETY

BAC embeds health and safety into our business planning, decision-making, and daily activities. Through management leadership and employee participation, BAC operates facilities in a manner that protects the safety and health of employees, contractors, visitors, and the environment.

WE BELIEVE ALL INJURIES ARE PREVENTABLE

Since the launch of our behavior-based safety (BBS) program in 2018, line leaders and shop floor associates have continued to conduct routine safety observations that engage coworkers in conversations about:

- **Establishing good safety practices**
- **Identifying unsafe behaviors or conditions**
- **Communicating steps that could be taken to address concerns**

We are determined to improve safety performance by reducing risks from equipment, materials, processes, and behaviors.

BAC regularly assesses the health and safety compliance and condition of each manufacturing facility and complies with all applicable laws, regulations, and our own stringent safety standards.

BAC's safety performance is measured by our global **Total Recordable Injury Rate (TRIR)** and **Days Away, Restricted, or Transferred Rate (DART)**. Total recordable injuries are workplace injuries that require treatment beyond first aid. A DART injury is a workplace injury that requires days away from work, restricted duty, or a job transfer.

BAC TRIR Data 2015-2021



BAC's target is to achieve < 2.0 TRIR on an annual basis globally with year-over-year continuous improvement.



We are committed to creating a safe work environment for our employees to be healthy, safe, and happy.

06 EMPLOYEE EXPERIENCE

HEALTH & SAFETY INITIATIVES

People manufacture products at BAC using materials, machines, tools, and equipment in a work environment with risks typical of any industrial manufacturing environment. As a made-to-order business with fluctuations in volumes, the ability of the BAC workforce to effectively identify and manage risk is critical to preventing injuries and achieving safety excellence.

Starting in 2022, BAC will begin development and implementation of a new global risk-based safety system within the organization to achieve and sustain safety excellence by focusing on elements such as:

- **Leadership**
- **Risk management**
- **Employee engagement**
- **Incident management**
- **Training**
- **Contractor safety**

Over time, the implementation of these global systems will increase workplace safety by ensuring we effectively manage risks at our manufacturing plants while we continue to respond to customer needs.

We are also in the process of harmonizing existing global standards for several work factors with elevated risks including machine safeguarding, hazardous energy control, crane safety, and electrical safety.

RISK MANAGEMENT

is a key focus area at BAC manufacturing sites to increase the ability for the shop floor to see and manage risk (e.g., hazard awareness training, standard work, job safety analysis, etc.). Widespread access to information through communication platforms has enhanced BAC's understanding of risk management.

INCIDENT MANAGEMENT

continues to be a key initiative for BAC manufacturing to ensure timely reporting and completion of team-based investigations. It aims to identify contributing factors, corrective actions, and best practices for sharing across the organization.

Other important EHS initiatives include safe start-up of the new Dalian, China plant with emphasis on the execution of Management of Change (MOC) and Pre-Startup Safety Reviews (PSSRs).



06 EMPLOYEE EXPERIENCE

COVID RESPONSE

Early in the COVID-19 pandemic, all BAC regions developed a Business Continuity Plan and assembled COVID Response Teams to review and respond to COVID-related issues. Our global leadership team has been informed, consulted and engaged in decisions regarding company-wide policy changes throughout the pandemic. Evaluating how to keep employees safe while operating as efficiently as possible have been top priorities at BAC throughout this uncertain time.

BAC's Response Teams meet on a regular basis to evaluate policies and make informed decisions based on current COVID data and to consider any necessary adjustments to BAC policies. This includes our monitoring of new variants and staying current on COVID regulations in each country where our employees are based. We comply with the local COVID protocol and regulations in all of our facilities.

We strive to be proactive in mitigation efforts and rely on our COVID Response Teams to preserve employee safety. We have ensured

access to proper PPE and supplies for employees such as face masks and testing kits. Mitigation efforts have included social and physical distancing, entry screening, deep cleaning of workspaces, and more.

Because safety is our top priority, to support BAC employees, not just professionally, but also personally, we offer a variety of resources through the Employee Assistance Program in the United States. All employees are encouraged to utilize these resources if they have been impacted in any way by the pandemic and are seeking help.



06 EMPLOYEE EXPERIENCE



ESOP – EMPLOYEE OWNERSHIP

U.S. employees at BAC participate in an Employee Stock Ownership Program (ESOP) through Amsted Industries. An ESOP is a qualified defined contribution retirement plan that transfers company stock ownership to eligible employees. This plan allows employees to engage with their company as part-owners and inspires them to take great pride in their work and performance within the company. It can also improve employee retention because of the added incentive that employee-owners know they are contributing to the longevity and success of their company.

The value of this benefit is linked directly to company performance, including, but not limited to, profitability and growth. The impact of an ESOP can be significant over time, especially when combined with 401(k) and health savings accounts. Beyond a strong sense of ownership in the company, employees have yet another way to set up for retirement success.

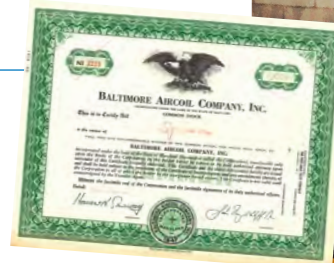
Amsted stock is awarded as part of an employee's compensation package without any out-of-pocket contributions from the employee. Because this is in addition to the 401(k), employees are equipped with

more than one method of investing in their retirement. With this benefit, employees can "cash out" when they retire and roll the funds into a retirement account.

As is typical with ESOPs, there are risks and rewards as the company's stock may rise and fall. Since the establishment of the Amsted ESOP, it has proven to generate wealth for employees over the long term as the company's value has increased over time.



This growth encourages employees to strive to produce high-quality work to further invest in their company and reap the benefits they earn.



This plan allows employees to engage with their company as part-owners and inspires them to take great pride in their work and performance within the company.

06 EMPLOYEE EXPERIENCE

EMPLOYEE WELL-BEING

BAC values personal well-being and strives to enhance the employee experience by offering wellness resources in all our locations globally. For example, in China, employees have access to annual wellness exams and opportunities to attend health workshops presented by external consultants and physicians. In Australia, employees can access benefits like flu vaccinations, mental health support and RU OK Day, fitness and nutrition coaching, skin cancer screenings, and more. While BAC has a variety of wellness resources embedded regionally, we are now utilizing the Innovation Institute to shift our focus towards wellness and connectivity on a global scale.

EMPLOYEE SUPPORT

BAC employees in North America can be reimbursed each month for gym equipment or health management programs. There is an onsite gym available to our Jessup, MD employees. Through BAC's benefits program, Beacon Life offers financial support and basic legal document templates that employees may need. Smart Dollar is another resource for employees in North America that focuses on money management, budgets, and debt reduction and elimination.

The employee assistance program in Australia offers mental health counseling and regularly provides helpful information for employees through emails and webinars.

At BAC, we believe in the value of balancing

personal and professional responsibilities to ensure the positive well-being of our employees globally. For example, in China and Australia, BAC sponsors the sports activities of employees and encourages team-building activities, such as annual celebrations, events, and outings.

In addition to the numerous social benefits, medical insurance is offered to cover non-work-related illness or injury, and the annual leave entitlement (starting at 12 days) in China is greater than statutory entitlement. In the EMEIA region, BAC employees who need to take time off due to medical issues can return to work on a part-time basis to help them transition back into full-time. This can be beneficial as it helps them maintain their work relationships and provides a sense of belonging.



06 EMPLOYEE EXPERIENCE

EMPLOYEE WELL-BEING

The bike lease program was established in our Heist, Belgium location to encourage employees to ride a bike to and from work and for personal use. This benefits employees' physical mobility and overall health and decreases the ecological footprint caused by a commute. Incentives for those who participate in the program include a bike allowance, updated and expanded parking spaces with charging stations for electronic bikes, and renovated showers in the facility for employee use.

Since the launch of the program in February 2019, we have totaled over 512,000 kilometers (13 times around the world) through employees that have used a bike to commute to and from work at varying frequencies.



Since 2019, the Bike Lease Program has saved approximately 70 tons of CO₂ emissions.

CHINA HQ GIVES BACK

The team at BAC's China HQ enjoyed candy boxes as a fundraiser for Just a Drop. Over 4,500 RMB was donated to BAC's premier charitable cause, aligning our employees' giving spirits with a critical global need.

Learn more about Just a Drop on page 45.



HYBRID WORK PROGRAM

The lingering effects of the COVID-19 pandemic have impacted the work schedules of numerous employees, which is why BAC continues to develop hybrid and remote work programs specific to regional needs. In Australia, employees have flexibility with their schedules including rostered days off each month and options for part-time and remote work. In China, salaried employees are allowed flexible work hours such as choosing one day per week to work from home in Dalian or in Shanghai.



06 EMPLOYEE EXPERIENCE

RECOGNITION & AWARDS

At BAC, our employees are our most valuable asset. We recognize employees who demonstrate BAC's values and routinely celebrate their accomplishments. This not only connects our employees deeper with BAC's mission, vision, and values, but also enforces our culture of collaboration and teamwork. Further, when recognized and appreciated, employees are more satisfied with their work environment.

In the United States, BAC utilizes a program called BRAVO to recognize employees who demonstrate the company's values or other outstanding accomplishments. Various BAC regions have similar programs, and BAC is

working to launch universal, company-wide recognition. The Global Recognition Program includes members of each region to provide recognition that is inclusive to all BAC locations.

ROBERT P. MILLER ENGINEERING EXCELLENCE AWARD

BAC also has the Robert P. Miller Engineering Excellence Award. It is presented annually and can be given to anyone in any department who has gone above and beyond in their engineering work. Recipients are recognized globally for their strong impact on BAC or the industry at large, and whose expertise enhances the legacy of Bob Miller.

In his more than 40 years at BAC, Bob established the BAC Lab and significantly contributed to new product design, while positively influencing our industry.



06 EMPLOYEE EXPERIENCE

The digital age is rapidly transforming our world and at BAC, we are leveraging technology to transform our business and enhance employee experience.



DIGITAL TRANSFORMATION

We are investing in tools and technology in an unprecedented manner to help employees be more responsive to customers' needs and help manage their growth and careers. BAC has embarked on a multi-year journey to replace all our legacy back-end systems with a cloud-based ERP system that will allow employees to perform their duties more efficiently and accurately. This system will replace paper-based systems and automates most manual processes, freeing up our people to focus more on helping our customers and solving their problems.

To enhance our employee experience, BAC recently implemented a digital tool and portal called MyPro to help employees manage everything from development training, performance management, and more. This new tool removes many of the manual processes required to access certain information and it also streamlines

processes and responsibilities. There is also a version of this tool for mobile devices such as smartphones and tablets, as these devices become more and more prevalent not just in our personal lives, but also in our professional lives.

Further, we use other digital resources such as virtual meeting software and document management software, to help our employees have the best hybrid-work experience possible. Such digital resources also enable effective global collaboration, while driving innovation throughout the company. Our internal social media platform, Yammer, is utilized for more informal connections, where employees can post information about events, and announcements, while sharing their stories across departments and regions. One example of this is employees sharing results of regional fundraising and awareness events for Just a Drop.

Learn more about Just a Drop on page 45.

07

We believe that a life-long learning process can be a tremendous competitive advantage for our employees and our company.

DEVELOPMENT & EDUCATION



07 DEVELOPMENT AND EDUCATION

LIFE-LONG LEARNING

At BAC, we believe that a life-long learning process can be a tremendous competitive advantage for our employees and our company. With a combination of classroom courses, self-study tools, and on-the-job learning, we apply the 70/20/10 Model for Learning and Development in the workplace. Through this Model, 70% of gained knowledge derives from job-related experiences, 20% from interactions with those around us, and 10% from educational events. By facilitating the learning process and offering professional development opportunities, BAC is focused on developing teams that can deliver high-quality results.

BAC ACADEMY

To unify BAC regions in how we train employees with consistent global messages about our values, BAC Academy offers online courses about products, services, sales, technical training, and more.

Launched within the last few years, BAC Academy has demonstrated great value by tracking employee educational progress via quizzes at the end of each course module and advancement through the belt system of expertise: white (starter), green (competent), black (experienced), blue (expert). This helps to identify employees' strengths and areas for education in the curriculum throughout their time at BAC.

Throughout the global BAC network, over 400 of our employees from every region are currently registered BAC Academy users with over 100 courses offered in various languages.

BAC ACADEMY MODULE TOPICS

- Product, System & Applications
- Service
- Market and Industry
- Leadership & Management
- Personal Productivity
- Sales
- Company
- Legal/Ethical/Safety
- Tools



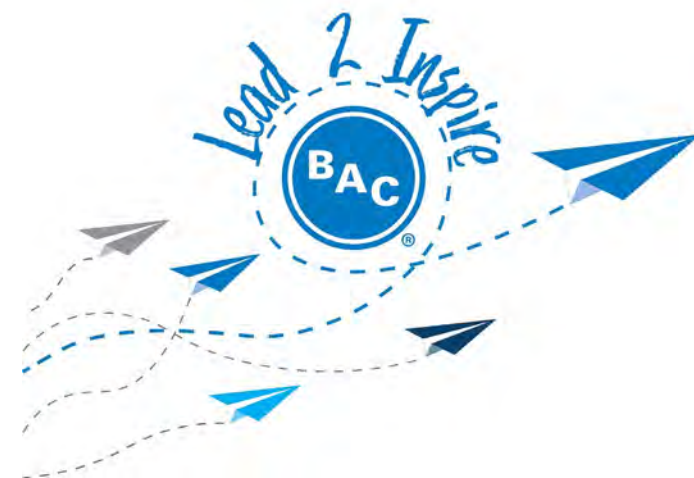
07 DEVELOPMENT AND EDUCATION

LEADERSHIP DEVELOPMENT

BAC's ability to develop future leaders is key to our ongoing success. Leadership can happen at any level of the organization so BAC developed a Lead-to-Inspire (L2I) training program. This was first launched in our European region and focuses on providing training and individual coaching to managers throughout all levels of the organization. For each individual, the training is spread over a 12 to 18-month period and covers topics as leading and motivating, communication skills, formal conversation skills, change management, group dynamics and conflict management.

We also offer training for frontline supervisors and managers via BlessingWhite (Americas) and Bamboo (APAC). Both programs focus on building a foundation of strong leadership focused on the following:

- Problem-solving
- Giving critical feedback
- Inspiring and motivating a team
- Coaching
- Delegating
- Communicating effectively



07 DEVELOPMENT AND EDUCATION

ADDITIONAL TRAINING

BAC EXCELLENCE

BAC Excellence is our continuous improvement program that includes ongoing training activities that develops skills and mindsets in our teams that are both metric driven and process focused. This mindset ensure leaders and team maintain consistent focus on driving improvement and eliminating waste. This training also teaches teams to leverage metrics to both identify opportunities for improvement and measure the effectiveness of improvement activities. The goal is to ensure that these processes and mindsets become embedded throughout the entire organization to increase all employees' engagement and contribution to achieving excellence.

BAC INNOVATION INSTITUTE

The BAC Innovation Institute is focused on building agile and collaborative teams to fully embed an innovative mindset within our organization. iMentors are trained in the innovation methodology and lead projects in every function from HR to Engineering, fueling our ability to #thinkdifferently. There are currently over 50 iMentors in BAC, with the number expected to grow exponentially in the next year.

[Learn more about iMentors on page 18.](#)



07 DEVELOPMENT AND EDUCATION

DEVELOPING FUTURE BAC TALENT

To attract diverse candidates, remain competitive, and build a strong talent pipeline, BAC is proud to offer apprenticeship and internship programs around the world by forming recruitment partnerships with educational institutions.

APPRENTICESHIP & RECRUITMENT PROGRAMS

In China, BAC works with two skilled trade schools to find students who are interested in practicing what they learn. The teachers recommend students who are entering in their last year of studies. The students selected into the apprenticeship program spend one year working at BAC's factories in areas such as assembly, sheet metal and quality. Upon graduation, many students are immediately able to join BAC with full-time employment. BAC benefits, as this talent already has on-the-job experience and can hit the ground running upon employment.

BAC's Madera, CA plant also has a formal recruiting process with the welding program at the Clovis Institute of Technology in Clovis, CA.

INTERNSHIP & RECRUITMENT PROGRAMS

Typically spanning 12 weeks, our internships provide opportunities for aspiring professionals to develop and complete projects in their respective BAC functions. Interns are usually

hired in finance, marketing, engineering, human resources, or production functions.

Throughout their tenure, BAC interns are expected to work on projects that they present to leadership at the conclusion of their internship. For example, engineering students in Belgium write a thesis paper along with their completed project to obtain their university degree. In South Africa, engineering students perform a one-year assignment and are expected to deliver several project reports on specific topics during their study.

To ensure strong intern candidates, we partner with institutions of higher education including:

- Cape Peninsula University of Technology (ZAF)
- Massachusetts Institute of Technology (USA)
- Johns Hopkins University (USA)
- University Leuven (BEL)
- Thomas More University Mechelen (BEL)
- Sint Lambertus Instituut (BEL)

Interns at BAC have the opportunity to be mentored and taught by several leaders in the company, including some who may not work within the same function. This provides a broader experience than interns may get elsewhere. Interns also have opportunities to participate in community and social activities local to each region.

Several of BAC's current employees got their start with the company as interns, so we look forward to the opportunity to continue working with some of them as future BAC employees.



08

We believe that diverse and unique perspectives, experiences, and ideas are the cornerstone of our success.

DIVERSITY, EQUITY, AND INCLUSION



08 DIVERSITY, EQUITY & INCLUSION

DIVERSITY, EQUITY, & INCLUSION GOALS

We believe that diverse and unique perspectives, experiences, and ideas are the cornerstone of our success. Therefore, BAC is on a journey to build a more diverse, equitable, and inclusive company to attract and retain the best talent in the market to support our future growth. We want to provide our employees with the best opportunities for professional growth, especially in helping to eliminate barriers so that they can realize their full potential. One of our top DE&I goals at BAC is to integrate strong diversity, equity, and inclusion throughout the organization, primarily through the following four focus areas:

1 Awareness

Education and awareness are key to understanding the multi-step process of building a more diverse, equitable, and inclusive company.

BAC TALK and **BAC LISTEN** provide opportunities for employees to share information about a wide range of topics and for employee voices to be heard and valued, bringing us closer to reaching our DE&I goals. These platforms align with our talent strategy and Employer Value Propositions. They are designed to provide a safe space for BAC employees to engage with one another and express their perspectives on a myriad of topics that impact our company culture.

BAC Talk is a platform in which leaders share information on our products, markets, and business strategy—including Innovation, Sales Adventures in EMEIA, Everyday Innovators, and

Accelerating Innovation with Scrum. BAC Listen gives employees the opportunity to provide direct feedback to the senior management team. Since its recent launch, BAC Listen has focused on women in leadership and sustainability. Upcoming topics include well-being, development, and other DE&I topics.

We expect that fruitful discussions stemming from BAC Listen will, among many positive outcomes, result in specific **EMPLOYEE RESOURCE GROUPS (ERGS)** to meet the needs of employees. ERGs are groups of employees who join together based on shared characteristics or life experiences. They generally focus on providing support, enhancing career development, and contributing to personal growth in the work environment to benefit employees worldwide. Our first ERG will focus on women in leadership.



WOMEN ^{IN} LEADERSHIP

08 DIVERSITY, EQUITY & INCLUSION

DIVERSITY, EQUITY, & INCLUSION GOALS

2 Talent Integration

One of our top strategic objectives is to increase female representation within professional and leadership roles as well as integrate strong diversity, equity, and inclusion advocacy and behavior throughout the organization. BAC is updating our talent acquisition process to target more diverse sources such as the Society of Women Engineers, Women in HVACR, and historically Black colleges and universities, among others to meet diversity goals at the recruitment level. Further, we have and will continue to engage in regular reviews and implement best practices for equitable compensation as it is a high priority in our DE&I journey.

3 Operations and Market Integration

BAC will be including diversity representation targets in sustainability initiatives. Sustainable business and production practices will allow us to build more bridges and reach broader



audiences and communities while engaging as many people from different backgrounds and professional groups as possible. This will help to underscore support for diversity within our organization and partners.

4 Compliance

In an effort to follow through on our DE&I goals, BAC will increase the tracking of diversity metrics to collect data that can be used to better understand specific areas for improvement. We are aware of opportunities and are motivated to invest time, energy, and resources into an improved structure and the right training for employees and leaders to make sure we continue to evolve as a diverse company.



09

We recognize the value of employee and corporate volunteering in making a difference to the planet and its communities.

COMMUNITY ENGAGEMENT



09 COMMUNITY ENGAGEMENT

GLOBAL ENGAGEMENT

At BAC, we understand that water and sustainable cooling are essential for continued development. Hence, we are committed to contributing to the availability of clean, safe water and sanitation to communities worldwide.

BUILDING A BRIGHTER FUTURE

While there are many life-altering benefits to having access to sources of clean water, two of the most notable include the reduction of diseases caused by contaminated water and an increase in safety among vulnerable populations including women and children, who would otherwise need to travel great distances to their nearest water source. By providing accessible and clean water to deserving populations, we increase opportunities for children to spend more time in school and for women to work and generate an income, instead of searching for and collecting water from long distances.

PARTNERING WITH JUST A DROP

BAC's partnership with Just a Drop began in 2018. The approach of Just a Drop is rooted in community-led development. Local communities are involved in the planning, execution, and maintenance of each project, as local ownership is essential to have a lasting, positive impact.

In addition to providing water via a technical solution, such as drilling wells, establishing pipelines, buildings, and dams or creating rainwater harvesting systems, Just a Drop ensures that sanitation and hygiene training are included, in order to keep water sources and solutions clean and uncontaminated.

The successful partnership between BAC and Just a Drop thrives on the enthusiasm and support of BAC employees globally. In each facility, a BAC Water Ambassador coordinates the fundraising efforts with BAC matching all employee donations by doubling the given amount.

TRANSFORMING LIVES

Together, since the start of our partnership with Just a Drop, we have already transformed the lives of more than 25,000 people in 4 countries. During project visits in Nicaragua, Kenya, and Uganda, BAC colleagues have been able to witness the transformative impact of these projects with their own eyes.



Just a Drop



Since 2018, we have impacted **25,000+ people** in **4 countries**



Our 2030 target is to have positively impacted the lives of at least 50,000 people by actively supporting water-related charities.

www.justadrop.org/
baltimore-aircoil-company



09 COMMUNITY ENGAGEMENT

LOCAL ENGAGEMENT

Since embracing responsibility is one of our core values, we are committed to raising employee awareness and engagement for environmental and social challenges, both globally and in the local communities where we operate.

BAC ACTIVITIES

For several years, we have been focusing on the organization of local actions and activities primarily around thematic days such as **International Women's Day** (March 8), **World Water Day** (March 22), **World Environment Day** (June 5), and **World Food Day** (October 16).

Examples of 2021 activities include:

- BAC Dalian employees spending time with children with autism at Morningstar Yulin Rehabilitation Care Centre
- Litter clean-up around BAC facilities in Madera (US), Dalian (China), and Heist-op-den-Berg (Belgium)
- Food donations to local food banks and social grocery stores, for immediate impact on people in need in local communities
- Volunteer work with a nature conservation group in Belgium
- Clean-up at the Narara River banks at Gosford by the BAC Somersby team
- Employee webinar about forest conservation easements surrounding our Jessup HQ
- Providing native plants to employees, contributing to restoration of the local ecosystem
- Encouraging employees to participate in "No Mow May" in support of local biodiversity
- Collaborative creative projects at BAC Milford (US) in support of World Environment Day



10

Integrity
is the foundation
for all of our
relationships.

GOVERNANCE



10 GOVERNANCE

SUSTAINABILITY GOVERNANCE

Sustainability is at the foundation of our strategy and has received a central position in our Vision, Mission and Values. To drive our sustainability efforts further, we have created a governance structure that embeds sustainability throughout the organization.

Global Sustainability Leader Tim Vrints is responsible for providing global leadership and coordination related to BAC's sustainability efforts. Working with BAC global and regional teams, Mr. Vrints develops and leads the implementation of the company's sustainability strategy.

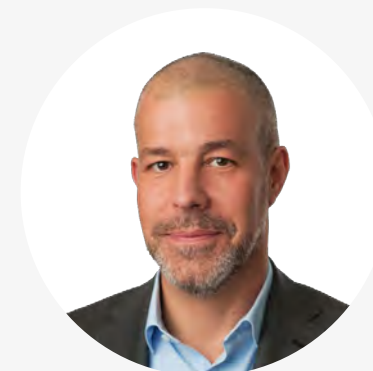
The Global Sustainability Leader reports to Vice President and Managing Director EMEIA and Sustainability Sponsor in the Global Leadership Team, David Jacobs. Mr. Jacobs gives direction, facilitates decision-making, and aligns with the Global Leadership Team members.

The Global Sustainability Leader meets with the entire Global Leadership Team at least two times per year to share the progress of our initiatives, discuss ESG risks and opportunities, and talk about short-term objectives and mid-term targets. These mid-term targets are approved by the Global Leadership Team and incorporated in the BAC Strategic Plan approved by Amsted.

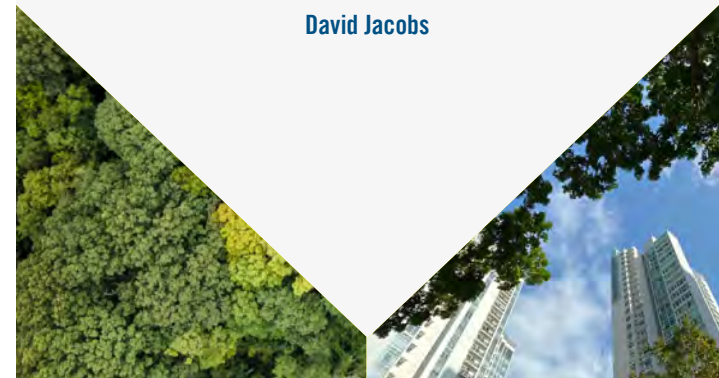
Over the next years, we plan to further develop our sustainability governance structure to make it more robust and ensure that sustainability is fully embedded cross-functionally. We will include sustainability in the yearly performance objectives of all key managers globally.



Tim Vrints



David Jacobs



10 GOVERNANCE

CODE OF CONDUCT: INTEGRITY GUIDES OUR BUSINESS OPERATIONS

At BAC and at our parent company Amsted, we believe that integrity is the foundation for our relationships with customers, suppliers, other companies in our industries, and the communities in which we work.

We require that every employee act honestly, ethically, and with integrity at all times in the performance of their duties. BAC employees receive annual Code of Conduct training and

certification. Our Code of Conduct establishes guidelines regarding business conduct and ethical practices. The following are our minimum requirements for all employees:

- Compliance with All Applicable Laws and Regulations
- Avoid and Declare Any Conflicts of Interest
- Respect and Non-Discrimination at the Workplace
- Fair Competition for All
- Protection of Company Assets
- Prohibition of Bribery, Gifts, and Entertainment
- Maintaining Privacy and Confidentiality
- Protection of the Environment
- Assuring Accuracy and Completeness of Amsted's Financial Reports
- Reporting on Violations



Amsted is governed by a board of directors that balances the interests of the company's many stakeholders, including employees, senior management executives, customers, suppliers, and the community. All directors on the Board, except for the Chairman, are independent with an average tenure of five years.



Formal board committees:

- Audit
- Governance
- Compensation and Management Development



10 GOVERNANCE

PUBLIC POLICY AND INDUSTRY

As a global company for cooling and refrigeration, we use our leadership position in the industry to educate the market on the benefits of using water-cooled systems to reduce energy usage, champion the transition to natural refrigerants, and support clean, safe drinking water for all.

WATER-COOLED SYSTEMS

As a member of CTI, BAC provides technical support in establishing an independent certification program for cooling towers and participates in educational seminars. BAC helped review and modify the USGBC LEED Scorecard point system for cooling towers.

We provide technical expertise to establish industry standards on energy efficiency through AHRI and ASHRAE as well as similar international organizations such as AIRAH and CCTI.

Water-cooled systems can save 40 to 50% of the energy that alternative cooling solutions require, significantly reducing carbon emissions overall.

NATURAL REFRIGERANTS

BAC supports reducing usage of high Global Warming Potential (GWP) refrigerants to combat global climate change. BAC has sponsored and participated in conferences for ATMOSphere to help educate the HVAC/R industry on the benefits of natural refrigerants.

As a member of IIAR, we advocate for a faster transition to refrigerants with low GWP and high system efficiency such as carbon dioxide and ammonia and maintain standards for their safe application. In fact, more than 90% of BAC's evaporative condensers are used in ammonia refrigeration systems.

CLEAN, SAFE WATER

Just as water is necessary for efficient cooling, it is even more important for our communities. BAC believes that everyone deserves access to safe, clean water through reliable infrastructure.

That is why we co-founded the Alliance to Prevent Legionnaires' Disease. We advocate for clean water and safe public water supplies through our work with CTI and ASHRAE, and their standards establish building water management best practices, but our work with our non-profit directly promotes public research and education on the disease and establishes policy for its prevention.



10 GOVERNANCE

SUSTAINABLE PROCUREMENT

Strong partnerships are crucial to ensure that our suppliers work to the same high standards as we do and align with BAC's sustainability goals. We have an international supplier base and purchase materials representing a significant part of the product cost. Collaboration and transparency are, hence, key to establishing a supply chain that balances economic, social and environmental aspects.

In 2021, we developed a BAC Code of Conduct for Suppliers and Subcontractors. This document outlines the principles and standards that we want all our suppliers and subcontractors to adhere to. It covers responsibility towards society and the environment involved in the production of materials and provision of services. We started the process of requesting a select group of key suppliers to confirm their compliance to this Code of Conduct by signing the document.

By 2030, we want to ensure that all significant suppliers globally comply with the BAC Code of Conduct for Suppliers and Subcontractors.

We also reviewed the Supplier Sustainability Surveys that were used in different regions and created a new version that will be used

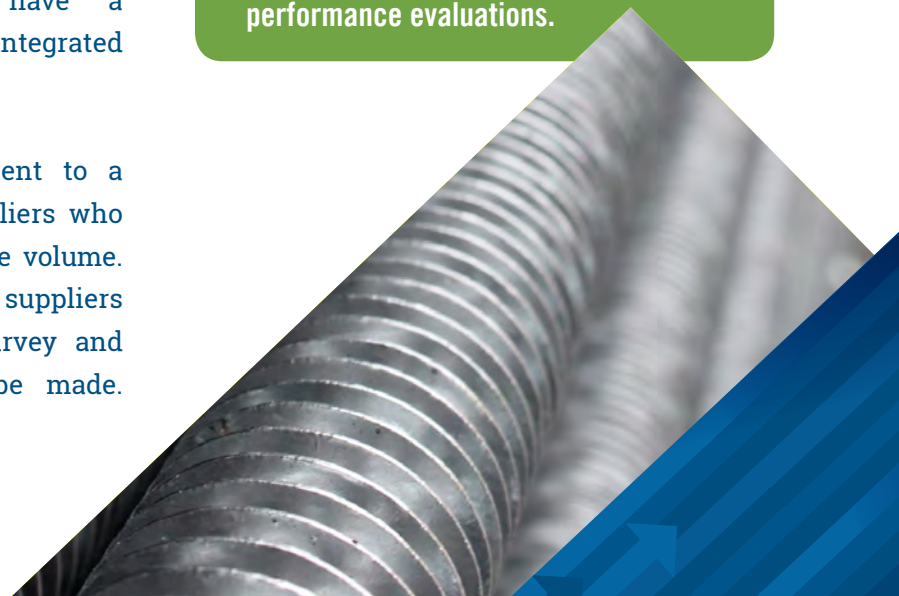
globally to ensure consistency and comparability. This self-assessment survey contains questions about external reporting and participation in voluntary sustainability initiatives, environmental issues, labor and human rights, ethics, sustainable procurement, and product sustainability. It will be used to get a better view of our supplier's sustainability programs and have a quantitative measure that can be integrated into the vendor scorecards.

The survey has already been sent to a select number of significant suppliers who represent the bulk of the purchase volume. A dialogue has started with these suppliers to discuss the results of the survey and see where improvements can be made.

Today more than 60% of our global production-related spend is covered by the survey. Gradually, the number of participating suppliers will increase over time.



By 2030 we target to allocate sustainability the same weight as other key metrics in supplier selection and performance evaluations.





This report contains forward-looking statements. All statements other than statements of historical facts are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “momentum,” “seeks,” “estimates,” “continues,” “endeavors,” “strives,” “may,” variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to (1) our goals, commitments and programs; (2) our business plans, initiatives and objectives; (3) our assumptions and expectations; (4) the scope and impact of our corporate responsibility risks and opportunities; and (5) standards and expectations of third parties, are only predictions and are inherently subject to risks, uncertainties, and assumptions that are difficult to predict. From time to time, we also include written or oral forward-looking statements in other publicly disclosed materials. Such statements may relate to our intent, belief, forecasts of, or current expectations about our strategic direction, prospects, future results, or future events; they do not relate strictly to historical or current facts. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any forward-looking statements because such statements speak only as of the date when made and the future, by its very nature, cannot be predicted with certainty. Forward-looking statements specific to our sustainability report may include, but are not limited to, statements regarding our emissions, energy consumption, water consumption, and other environmental targets, external ESG commitments and operational strategies. Many risks, contingencies and uncertainties could cause actual results to differ materially from these forward-looking statements. These goals are aspirational and not guarantees or promises that all goals will be met. Statistics and metrics relating to ESG matters are estimates and may be based on assumptions or developing standards. All forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update any forward-looking statement.