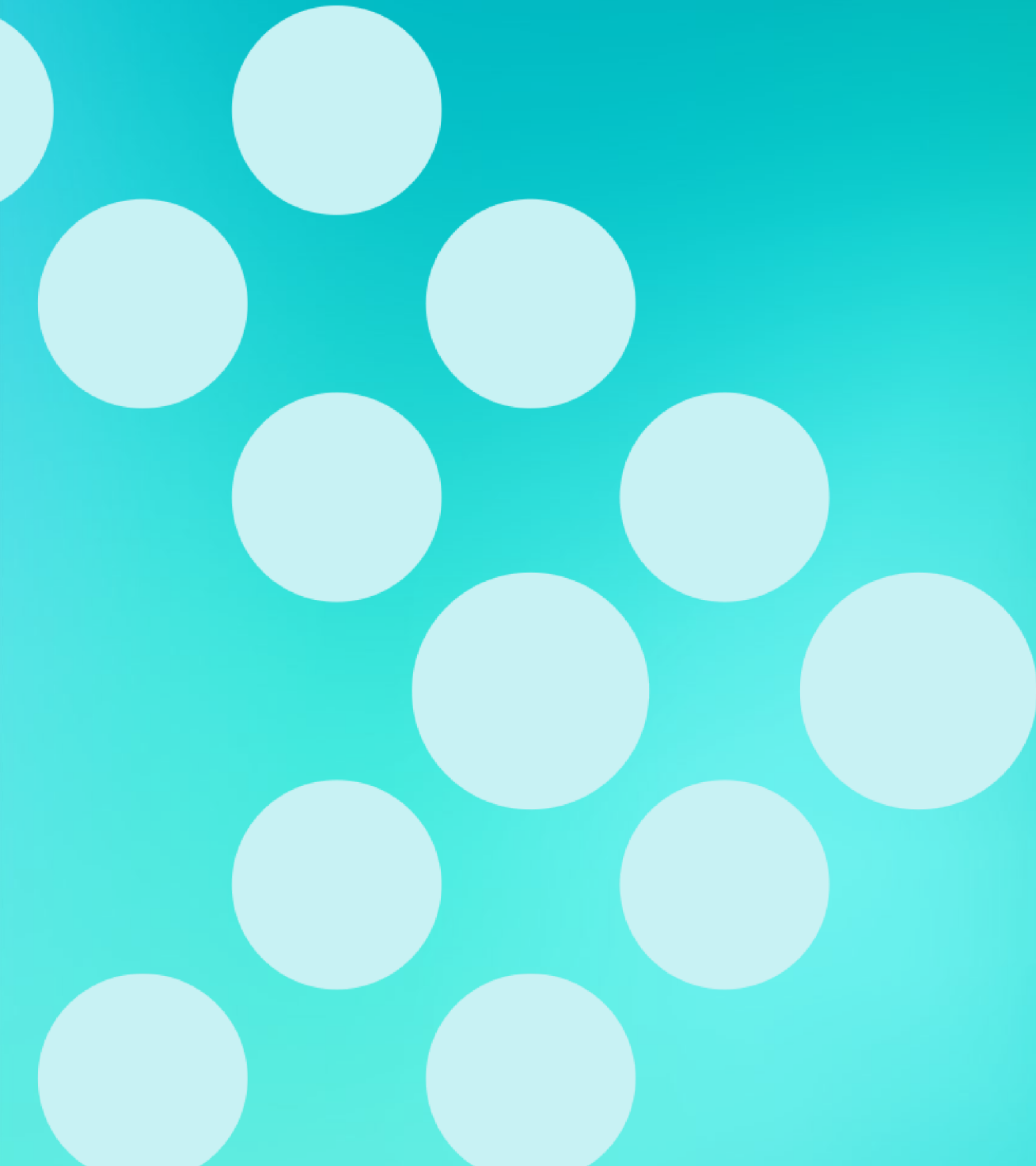


Annexair

Sustainability Report

2022



About Us

Founded in 1998 in Drummondville, Canada, Annexair is a Canadian company designing and manufacturing high-quality, energy-efficient air handling systems for commercial applications. Our HVAC units incorporate energy and air recovery technologies to meet the needs of companies, as well as composites casing. Most of our product lines incorporate a variety of advanced energy recovery technologies which are designed for commercial, institutional, and industrial applications.



340
employees



17
nationalities

5
Facilities

100% of our production runs on renewable energy.



Letter from our President



As a continuation of our commitment, which began in 2019, I therefore reaffirm our complete support for the UN Global Compact's Ten Principles in the areas of Human Rights, Labour, the Environment, and Anti-Corruption.

Sustainability is part of Annexair's DNA and long before the industry integrated environmental friendliness into its business practises, our company was already a pioneer in sustainable approaches. We pledge to constantly provide higher, energy-efficient goods. We largely rely on innovation and the enthusiastic participation of our staff to carry out our purpose. We established a green mission that is related to green technology and LEED buildings. So, the company's dedication to environmental protection is reflected in both its design and manufacturing standards. We focus on maximizing system performance while lowering energy usage for all building owners when designing our products. We believe that ending our reliance on fossil fuels and non-renewable resources is the only way to secure the sustainability of both people and the environment in the long-term. We have put in a lot of effort already to develop and put into practice ideas that are closely tied to our overall organizational objectives.

A handwritten signature in dark ink, appearing to read 'J. L.' or 'J. Lemieux'.

Francois Lemieux
President of Annexair

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Our Commitment to Sustainability

UN Global Compact

Since our early days, we have been accountable and committed to a better and cleaner future. However, as of 2019, we have now committed to the Global Compact and report our annual progress through CoPs.

Initiatives and Alliances

Since its initial launch, Annexair has worked through numerous initiatives to promote sustainability and more efficient energy use in buildings, which HVAC units account for 30-40% of global commercial building CO2 emissions. We have worked closely with large corporations to improve energy efficiency in components we use and use greener materials in their production.



Our operations are aligned with some of the UN SDGs.



The Ten Principles of the UN Global Compact

We are continuously striving to be an industry-leading sustainable contributor by offering energy saving solutions and sustainable manufacturing that reflects the LEED philosophy and actively help face the world's energy crisis.

We are more than committed to continue operating in accordance with human rights laws and regulations, including those of the International Labor Organization and the International Bill of Human Rights. In addition, we raise public awareness of the main issues in this area in our sphere of influence. We are also striving to improve by identifying and mitigating the risks associated with these issues. Therefore, we are more than committed to support the Ten Principles of the UN Global Compact.

- 1 Support and respect the protection of internationally proclaimed human rights.
- 2 Make sure the organization is not complicit in human rights abuses.
- 3 Uphold freedom of association and the effective recognition of the right to collective bargaining.
- 4 Eliminate all forms of forced and compulsory labour.
- 5 Effectively abolish child labour.
- 6 Eliminate discrimination in respect of employment and occupation.
- 7 Support a precautionary approach to environmental challenges.
- 8 Undertake initiatives to promote greater environmental responsibility.
- 9 Encourage the development and diffusion of environmentally friendly technologies.
- 10 Work against corruption in all its forms.

COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Our sustainable initiatives

1996

Introducing a unique corrugated aluminum wheel, more efficient, less maintenance, longer lifespan and reduces energy consumption up to 75%.

1999

Annexair changed typical galvanized framing to aluminum tubular, reducing weight of a cabinet while extending its lifetime due to anti-corrosion properties.

2006

1. Annexair replace common belt-driven fans with direct drive fans, a much more efficient concept, less maintenance, longer lifespan.
2. Replacing all motor starters with standard VFD's, allowing considerable savings on part load design conditions.

2012

Replacing steel panels with our thermo-composite panels, reducing the weight of units, and steel quantity, as well as eliminating corrosion and longer longevity of the unit. Reducing CO2 emissions as a result

2020

Introducing the Bio-composite, the first HVAC unit made from recycled plastic bottles, requiring no metal for the casing. Recycling thousands of bottles per units.

1998

Annexair patents a unique Energy Recovery Unit that connects to a rooftop. Allowing more fresh air to a building without the additional energy costs.

2003

Annexair became the first company to integrate GEOTHERMAL heat pumps in collaboration with its energy recovery units.

2008

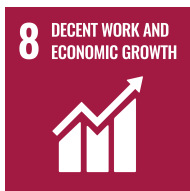
Introducing a variable speed compressor, allowing units to use less energy, up to 35% versus conventional fixed speed compressors.

2018

Introducing our EC Spyder Fans, the most efficient fan on the market with lower energy requirements.

ENVIRONMENT

Our business philosophy is to constantly improve every aspect of our product, including how it is made, how it will be used, how much energy it uses, and how long it will last. For the past 25 years, we have invested a lot of effort into developing new HVAC products that will raise the bar for production, energy efficiency, and material use. The HVAC sector in North America has historically progressed slowly toward sustainability. This created an opportunity to us.



Low Carbon Product

To reduce the carbon impact of our goods, we are increasing efficiency and changing to materials derived from recycled sources and manufactured using low-carbon energy. Since the introduction of our Thermo-Composite in 2012, we've been focusing on producing low-carbon products by lowering the quantity of metal needed in HVAC casings. As a result, CO2 emissions from metal manufacturing will then be reduced. Our revolutionary biocomposite, manufactured from recycled plastic bottles, eliminates the need for metal in the construction of the casing. Along with lowering the number of parts in the unit **by 40%**. This not only offer millions of plastic bottles a second life each year, but it also reduces our influence on metal manufacturing to zero.

Energy Efficiency

We are making a lot of effort to use less energy throughout our operations, beginning with how we design, produce, run our facilities, and utilize our products. Every part of our units was improved in an effort to reduce energy use. For instance, EC-Spyder fans from Annexair are **7% more efficient** than other very efficient fans on the market due to their optimized EC motor technology, combined with a super-efficient "Diffuser Wheel". We are working with reputable businesses and patent-protected technology that enable building occupants to use ventilation with less energy usage.



Use of Water

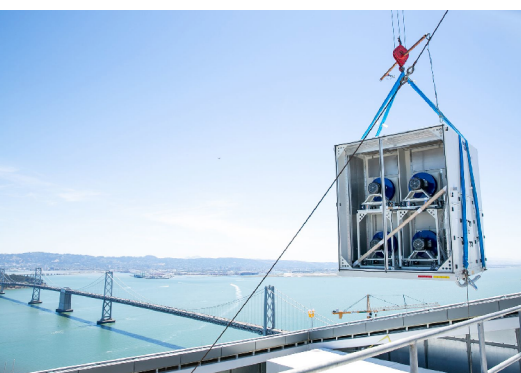
We are aware of the problem with access to safe drinking water on a global scale. Since we are able to minimize our influence on water usage, there is **no water used** in the production of our units. Only recycled water which we keep in a closed loop for testing the finished product is used during our manufacturing process. We also consciously collect our rainwater, and we've designed the streams on our property to allow frogs and fish to reproduce.

Product Longevity

We have manufactured more than 10,000 units over the past 25 years all across America. Our reputation is a result of our emphasis on producing goods from high-quality components. Our products are renowned for offering the best performance in challenging conditions like dry islands, coastal towns, or swimming pools.

Renewable Energy

Since we are located in Quebec, Canada, our production lines and offices are supplied totally by renewable energy obtained from hydroelectric plants. Also for our production, we use a number of local suppliers who all use power that is entirely generated from renewable resources.



Natural Resources

Our world depends on the availability of natural resources. As a manufacturer, we believe that we have a large responsibility for how we source them, how we use them, and how we recycle them. Reducing our impact on the environment requires to reduce the use of natural resources, reuse some materials already used, and use them in a way they can be recycle at the end of their life.



Reduce

Reduce the quantity of parts by **40%** needed in the construction of our units.



Reuse

Reuse plastic bottles for the casing of our isolation, allowing the second life of **311 229** plastic bottles this year.



Recycle

Recycle the trash made in the process of our panels by making bricks that could be used for structural aspect. We are working with universities to find the perfect use for these bricks, allowing the plastic content to **pursue a third life.**

PEOPLE

Every day at Annexair, we work to provide an inclusive, safe, and supportive environment for all our team members. We're constantly seeking new methods to invest in the development of our teams and stimulate collaboration and creativity. In addition, we offer extensive benefits and competitive pay. We think that when people are supported and given the opportunity to be their best selves, we get to be a better and more innovative company.

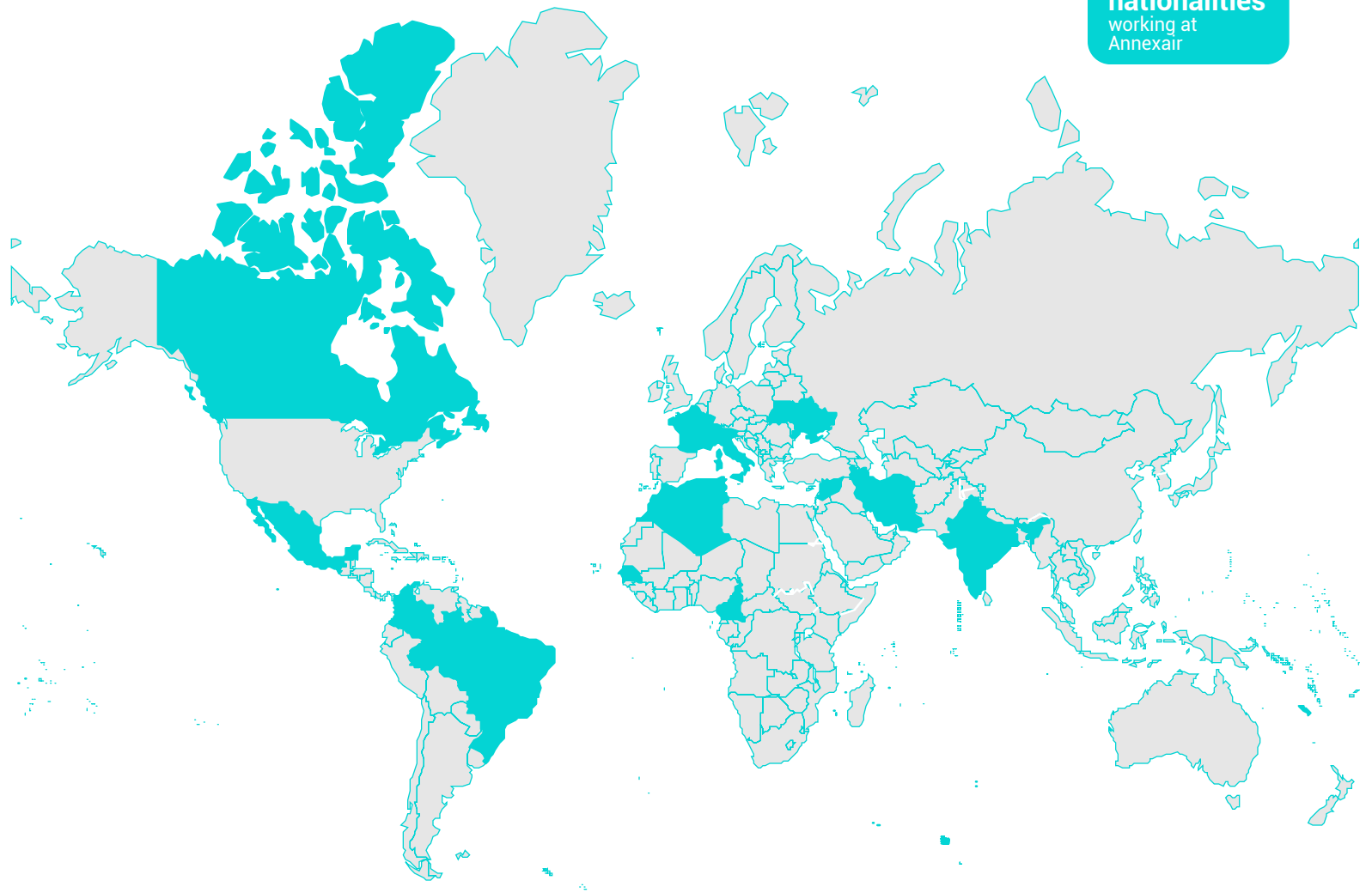


Inclusion and Diversity

At Annexair, we firmly think that workplace diversity is an asset that favours innovation and gives us an edge over our rivals. A diverse workplace brings a the potential to envision a wider range of solutions to a problem, which is essential when taking on challenging initiatives. We are looking for creative solutions as well as a staff that is not constrained by traditional roles, hierarchies, or solutions. Since its beginning, Annexair's business strategy has depended on recruiting the best talent. This includes keeping an open mind while recruiting.

Equal opportunity in the workplace is essential to us, which is why discrimination in all forms is firmly forbidden internally. We ensure that there is no discrimination in our recruitment, training, compensation, and termination processes.

17
nationalities
working at
Annexair



Performance Review

During our yearly performance evaluation process, Annexair personnel have the opportunity to have meaningful conversations with their supervisors about their performance, growth, and development. To make sure they are on track, employees are subject to an annual performance evaluation. The performance evaluation offers a chance to reflect on how each individual supports Annexair's longstanding commitment to diversity and equality.

Training and Development

Whether in their current role or in a possible career path, we want everyone at Annexair to succeed. We provide many new possibilities for achieving professional fulfilment, and we never stop making new efforts to ensure that everyone at Annexair has the possibility to grow and prosper. Our employees were given a total of **4,500 hours** of professional training during the 2022 fiscal year.



Environment, Health and Safety

We believe that health and safety must be based on a culture of prevention that values the interdependence and empowerment of each employee. We rely on awareness and training to build this culture and integrate safety into our individual and collective efforts. Annexair aims for zero injuries in all its facilities, by eliminating hazards and minimizing risks for its workers, contractors, and visitors. To ensure a safe and healthy environment, we have reviewed and applied measures and imposed equipment which has greatly improved our results.

When we record our environment, health, and safety reports, which take into account all of our facilities as a whole, we do so in accordance with OSHA standards.



OSHA Recordable
Incidence Rate (RIR)



Lost-Time Incidence
Rate (LTIR)

Anti-Corruption

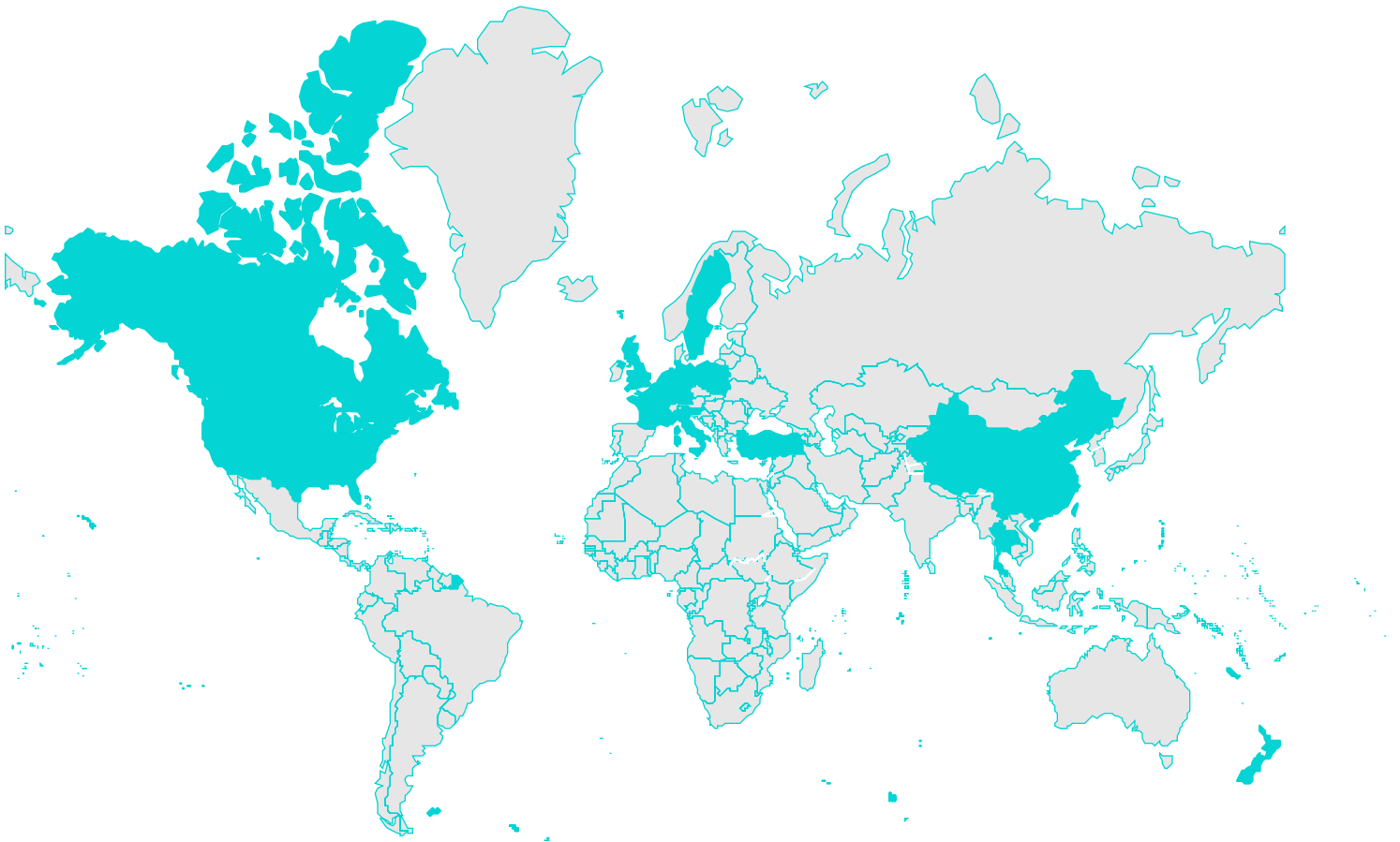
Annexair does not tolerate any form of corruption and is committed to honesty and transparency in all of its business activities and processes. These values have always been at the heart of the organization, ever since the company was founded.

Fortunately, until now, Annexair has never needed to use its internal anti-corruption policies. This can be explained by the importance we place on the selection of our business partners who are always recognized for their irreproachable behavior in business. However, there have been a few instances where we have rejected potential suppliers after a thorough review of their reputation in our industry.

Suppliers

We rely on suppliers from areas known for their best practices and highest standards in terms of ethics, health and safety, labour, and human rights. We also have a Taiwan-based division where a team of experts collaborates daily with our Asian supply chain to ensure the greatest possible standards for labour and human rights, health, safety, and wellness, responsible material sourcing, and environmental protection.

According to the Global Right Index, 79.5% of our suppliers come from nations including Canada, Taiwan, Germany, and others that have a Global Right Index lower than 3, on a total of 5+.



Local Community

The ambition of Annexair is to leave the world in a better state than when we found it. This includes local and international projects, financial commitments, and donations that address important issues, promote education access, and fight inequality. Many of these initiatives also help in achieving the Sustainable Development Goals as set on by the UN.

We have contributed more than 75,000 dollars to our community in 2022 by helping organizations that work to combat poverty, ensure food security, improve health & well-being, promote education, and combat inequality.



No Poverty

Through advertising, events, fundraising, and investments, we helped local organizations helping people in poverty.



No Hunger

Through funding, we assisted regional food banks in emphasizing on supplying meals to those in need.



Good Health

By supporting regional sports teams and participating in regional athletic activities, Annexair is promoting good health and well-being among its employees and across the local community.



Quality Education

Annexair invested in a number of regional foundations and educational programmes that support quality learning and innovative projects.



Decent Work

Annexair encourages an inclusive workplace by recruiting people with special needs.



Reduced Inequalities

We are pleased to employ people from 17 different nations as a result of our commitment to a diverse workplace.





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