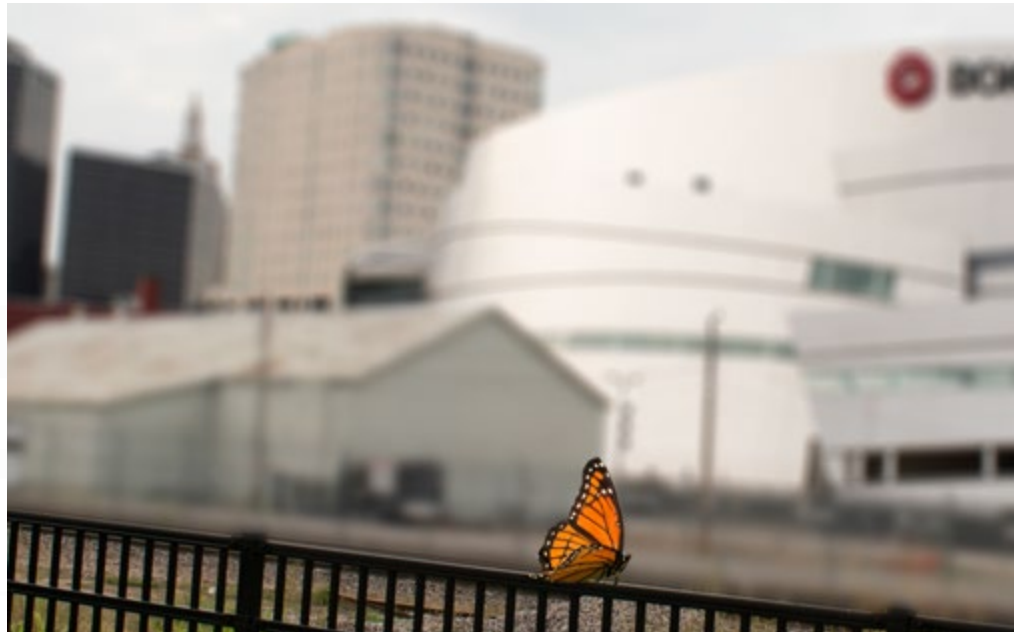




SUSTAINABILITY REPORT 2019

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AADN LOCATIONS



 **2,407**
EMPLOYEES

 **\$469.3**
2019 SALES million

5,714
VOLUNTEER
HOURS



COMMUNITY ORGANIZATION
SUPPORTED **55**



AAON SUSTAINABILITY

Since our founding in 1988, AAON has maintained a commitment to design, develop, manufacture and deliver heating and cooling products to perform beyond all expectations and to demonstrate AAON's quality and value to our customers. AAON equipment is designed with energy efficiency in mind, without sacrificing premium features and options. In addition to our high standard of product performance, is a commitment to sustainability for our employees, our shareholders, and our customers.

At AAON, we strive to conduct our business in a socially responsible and ethical manner with a focus on environmental stewardship, team member safety and community engagement. We comply with industry regulations and requirements while pursuing responsible economic growth and profitability. AAON strives to manufacture equipment through sustainable business practices.

In an ever-changing world, we regularly evaluate and align our strategy and reporting against the most material corporate responsibility topics for our business and stakeholders. This drives how we engage internally and externally, invest our resources, and adapt our strategy on environmental, social, economic and governance topics. We have identified energy conservation, waste, diversity and inclusion, health and safety and local community impact as material items for 2019. We have noted each topic's alignment within the UN Sustainable Development Goal framework.

The enclosed AAON Sustainability Report provides a glimpse of our commitment to uphold and continually improve our environmental, social and governance practices.

At AAON, we strive to conduct our business in a socially responsible and ethical manner with a focus on environmental stewardship, team member safety and community engagement.

AAON SUSTAINABILITY GOALS

Accountability

AAON has joined the Sustainable Tulsa Initiative, and is participating in their Scor3card program, which helps us keep track of our sustainable transformation. The program helps us document and recognize opportunities for us to create and maintain sustainable manufacturing processes throughout the corporation (Tulsa, Longview and Parkville). We recognize that sustainability is both profitable and economical.

Employee Engagement

The corporation has developed an internal goGreen committee to educate our workforce and help identify employees that want to actively assist with our sustainability efforts. The goGreen committee has identified numerous waste streams and offered suggestions to recycle, repurpose, reuse, or reduce materials. We also provide regular sustainability updates through our monthly employee newsletter.

Energy Conservation

One of our very first initiatives was to replace our inefficient incandescent and fluorescent lighting with LED lighting fixtures. We have achieved over 90% of that goal at our Tulsa facilities. AAON participates in an energy demand response initiative through our utility company that reduces costs and improves grid level efficiency. AAON has reduced phantom power loads by removing individual printers and moving to shared machines. In 2019, AAON facilities used 35,706,531 kwh, 9,680,040 kwh of which came from renewable energy sources. The AAON board of directors approved \$72 million in capital investments for 2020 which will include new HVAC equipment for the existing buildings, quick closing door mechanisms, new Salvagnini machines and the expansion of a new building in Longview, TX.

Waste Reduction and Recycling Efforts

At the Tulsa, OK facility we currently recycle wood, paper, electronics and metals. We converted 524 tons to energy through our partnership with the waste to energy facility neighboring the Tulsa Facility. AAON recycled 9,852 tons of waste. We began Lean training in the fall of 2016. Since then, we have trained over 100 employees, and completed 4 Rapid Improvement Events to reduce waste. AAON partners with suppliers, vendors and nonprofits to repurpose and reuse many items such as electronics, wire, pallets and surplus units. We are implementing Lean strategies to reduce waste streams in our manufacturing operations. We are reusing cardboard for production purposes and packaging plastic parts in it.

We are re-using scrap metal for signs in production, and purchasing hand dryers for the restrooms to reduce paper usage. Long-term, we will continue to work with vendors and team members to be a zero waste facility. At the Longview, TX facility, we currently recycle metal, cardboard, and wood. At the Parkville, MO facility, we recycle electrical components and are researching other opportunities. We have increased our recycling efforts to reuse and reduce our waste streams, while continuing to identify sustainable improvements.

Local Communities

At AAON, we build community one unit at a time. Part of our corporate social responsibility journey is centered around the communities in which we operate. We recognize that our success is interwoven with the vitality of these communities. We apply our assets, resources and capabilities to contribute to each community's resiliency and prosperity. We understand that community also encompasses the physical space. We have established a certified monarch waystation at the Tulsa facility and have joined the Nature Conservancy as a corporate partner in conservation efforts.

AAON DIVERSITY & INCLUSION



A diverse and inclusive workplace is integral to our business strategy and critical to our continued success. We are committed to hiring, retaining and promoting a diverse workforce while advancing a workplace culture of inclusion, in which each team member is valued for their ideas, identities, experiences and talents. Diversity and inclusion are key drivers for furthering innovation, productivity and team member engagement at AAON. AAON employs individuals from over 32 countries.

AAON has two team member resource groups: AAON Veterans Empowering Through Service (V.E.T.S.) and the Women's Alliance and Resource Program (WARP). The mission of AAON V.E.T.S. is to unify the core values, beliefs and understanding of active, reserve, National Guard service members, veterans and military family members with that of our AAON business culture. AAON VETS has facilitated the assembly of care packages for deployed troops, visiting veterans in assisted living facilities, speakers and participation in the Veterans Day Parade.

WARP strives to foster a supportive, encouraging and inclusive environment to provide programs and resources for professional and personal development opportunities by: promoting the advancement of women in the workplace, communicating and connecting to overall company strategy, mentorship opportunities, educating and sharing information about common gender biases, celebrating the diversity among women and building on our strengths, supporting collaboration over competition and empowering women to find their voice across cultures.

AAON supports Oklahoma Women in STEM which celebrates women in STEM fields and inspires the next generation. AAON is also involved in the Society of Women Engineers, a non-profit service organization founded in 1950, which helps to foster a supportive environment for women to excel in engineering.

AAON participates in the Tulsa Chamber's Mosaic Diversity and Inclusion Index and has been recognized as a Mosaic Top Inclusive Workplace. Mosaic is the Tulsa Regional Chamber's diversity business council committed to - educate, lead, and influence businesses on creating diverse and inclusive workforce cultures to enhance their competitive advantage. AAON has also been recognized as a "W" Company for having over 20% female board composition.

AAON offers on-site classes to help team members develop professionally and advance in the company such as - English as a Second Language, Spanish Language Classes, and Frontline Leadership Training for new and existing leaders which includes implicit bias training.

AAON regularly promotes team member achievements with our internal Team Member Spotlight program and the AAON Aim High program. This program highlights employees from various cultural and educational backgrounds to showcase their career achievements and career advancement at AAON.

AAON has hosted Disability Etiquette training for team members and partners with organizations in our community such as A New Leaf and TARC.

AAON COMMUNITY INVOLVEMENT

AAON is dedicated to corporate social responsibility through our AAON Serves initiative. We define quality and build comfort in the communities in which we operate through volunteerism and strategic investments. We support organizations that contribute to **workforce readiness**, such as the Tulsa Regional STEM Alliance and Junior Achievement.

We value **strong communities**, and AAON team members contribute their time and resources by volunteering at local schools, participating in mentoring programs and supporting the Tulsa Area United Way, among other organizations. AAON is committed to **environmental stewardship** and has an active internal Go Green sustainability committee. We are a proud participant in the Sustainable Tulsa Scor3card sustainability benchmarking initiative and are continuously improving our environmental and social impact. AAON has also joined the Nature Conservancy as a corporate Partner in Conservation.

We partnered with over 40 nonprofit organizations and served over 5700 hours in our community.

AAON ACCOLADES & AWARDS

- 2019 Oklahoma “W” Company
- 2019 Consulting-Specifying Engineer Magazine Product of the Year
 - RN Series with Two Stage Compressors, Silver
 - WV Series Vertical Small Packaged Water-Source Heat Pump, Gold
- 2019 Sustainable Tulsa Scor3card - Gold



AAON HIGH EFFICIENCY PRODUCTS



Water-Source Heat Pumps

Water-source heat pumps recover otherwise wasted energy, and employ it to cool, heat, and provide dehumidification to a building – making it one of the most efficient and environmentally friendly systems. AAON Water-Source Heat Pumps offer a variety of configuration options, innovation design, premium performance, and unmatched serviceability.

Small packaged AAON WH Series Horizontal and WV Series Vertical configuration Water-Source Heat Pumps lead the industry with innovative design, performance, and serviceability. Quality is design into the WH and WV Series with standard designs that include an all-aluminum cabinet with closed cell neoprene foam rubber insulation, induction brazed copper piping, and a stainless steel condensate drain pan.

We also manufacture water-source heat pumps with mass customization in a variety of configurations – Rooftop Units, Indoor Vertical Self-Contained Units and Modular Units – with capacities ranging from 2-230 tons.

Package Rooftop Units with Variable Speed Compressors

Optimized for the highest efficiency without sacrificing the AAON ease of control, service and maintenance. RQ Series 2-6 ton and RN Series 7-15 ton high efficiency packaged rooftop units with two-stage scroll compressors feature ultra-high part load efficiency and simple control. Two-stage compressors, optimized evaporator and condenser coils, and variable speed fans lead to an AHRI Certified performance up to 19.15 SEER and 20.2 IEER.



RQ Series



V3 Energy Recovery

Provide energy efficient 100% outside air ventilation, while being easy to install because of a compact footprint, and easy to maintain because of large service access. Available from 450 to 10,000 cfm with overlapping cabinet sizes for application flexibility, the high performance V3 Series with energy recovery wheel includes high efficiency variable speed ECM driven direct drive backward curve plenum supply and exhaust fans, and double wall rigid polyurethane foam injected panel construction with lockable-hinged service access doors. These features make AAON HVAC units more energy efficient; thereby consuming less energy.

LZ Series

Engineered to maximize the efficiency of the complete hydronic system. A walk-in service access vestibule allows the complete hydronic system with pumping package to be serviced in the outdoor mechanical room. Available from 45-540 tons, the high performance chiller is available with VFD controlled variable speed scroll compressors or Turbocor variable capacity oil-free magnetic bearing centrifugal compressors. Factory installed 98% efficiency boilers with pumping packages are available for applications that require a hot water system. Energy saving waterside economizers are available for chilled water systems that require cooling at low ambient conditions.



AAON CORE VALUES

AAON strives for success by adhering to certain defined Core Values. Employees are expected to know and adhere to the Core Values.

Integrity

Integrity must not be compromised. Honest relationships are essential for long-term business success. We deal clearly in all of our business relationships, both internally and externally.

Mutual Trust and Respect

Our success as an enterprise depends on the talent, skills, and expertise of our people and our ability to function as a tightly integrated team. Working as a team enables all of us to realize our full potential. We appreciate our diversity and believe that respect – for our colleagues, customers, investors, communities, and all those with whom we interact – is an essential element of all positive and productive business relationships.

Quality

We are committed to designing, developing and manufacturing heating and cooling products which exceed the expectations of our customers. We will not compromise on the quality of our products.

Empowerment

We strive to attract, motivate and retain talented employees who value and embrace the desire to accomplish something of significance. As stock holders, we treat every asset, project and investment as our own while enabling employees to understand the link between their compensation and the value they bring to AAON.

Innovation

We maintain a corporate culture that values originality, invention and creativity, while nurturing these qualities through openness and reverence for the entrepreneurial spirit.

AAON ETHICS

AAON expects these standard codes of conduct to be followed:

- Confidentiality
- Protection and Proper Use of Company Assets
- Payments to Government Personnel
- Waivers of the Code of Business Conduct and Ethics
- Reporting any Illegal or Unethical Behavior
- Compliance Procedures



AAON SAFETY

The safety of all AAON employees, visitors, business partners and our environment is a fundamental value of our organization. Our efforts are directed at developing processes and systems that demonstrate our commitment to safe practices. Implementing programs that support our philosophy of continuous improvement is a key part of our success. Safety is the responsibility and accountability of every employee. Every individual working in our facilities is very important to AAON's success. Our goal is to ensure that we all go home each day to our families in the same condition that we left them.

We continue to see a reduction in our overall injury rates year after year through the implementation of programs that drive hazard elimination and risk reduction. Ergonomic studies, machine guarding assessments, risk assessments, root cause analysis, and product/pedestrian flow improvements contribute to our safety success. Safety committees and safety focus groups allow opportunities for employee engagement and activity in safety improvements. Our frontline leaders contribute greatly in the improvement of safety for our employees and customers by providing feedback and solutions to product and process challenges.

AAON HEALTH

We believe that a happier, healthier workforce is a more productive workforce. The AAON Wellness Club promotes fitness by covering the costs of numerous local cycling and running competitions in Tulsa and surrounding areas. AAON's wellness club is free to employees located at the Tulsa facility. AAON supports employee participation in team sports such as softball, soccer and basketball by covering league fees. AAON promotes healthy lifestyles through health fairs, offering yoga and meditation sessions, access to an outdoor meeting space, free health and fitness related lunch and learns, free on-site personal health assessments, and free on-site flu shots.

AAON encourages healthy eating by offering "Healthy Selection" discounted items in the vending machines, and we have installed water bottle filling stations to encourage water consumption. All of our facilities are tobacco and e-cigarette free and all team members have access to our Employee Assistance Program, which offers stress management, health information, and online tools. The company has also Question, Persuade, Refer (QPR) suicide prevention training and mental health awareness sessions.



Heating and Cooling Products

www.AAON.com

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2425 S. Yukon Ave,
Tulsa, Oklahoma
p: 918.583.2266

Longview

203 Gum Springs Road,
Longview, Texas
p: 903.236.4403

Parkville

8500 NW River Park Drive, STE. 108A
Parkville, Missouri
p: 866.918.1100

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