



# IMPACT REPORT

## 2024



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# About AAON



**We lead the charge  
in advancing HVAC  
innovation our world  
depends on.**

AAON, founded in 1988, is a leader in HVAC (heating, ventilation, and air conditioning) solutions for commercial and industrial indoor environments. AAON builds highly configurable HVAC equipment that answers customer-specific needs. We are committed to driving the industry forward for a cleaner and more sustainable future.

Our industry-leading approach to designing and manufacturing equipment to meet exact needs creates a premier ownership experience with greater efficiency, performance, and long-term value.

AAON is headquartered in Tulsa, Oklahoma, where its world-class innovation and testing facility allow our engineers to continually push boundaries and advance the industry.

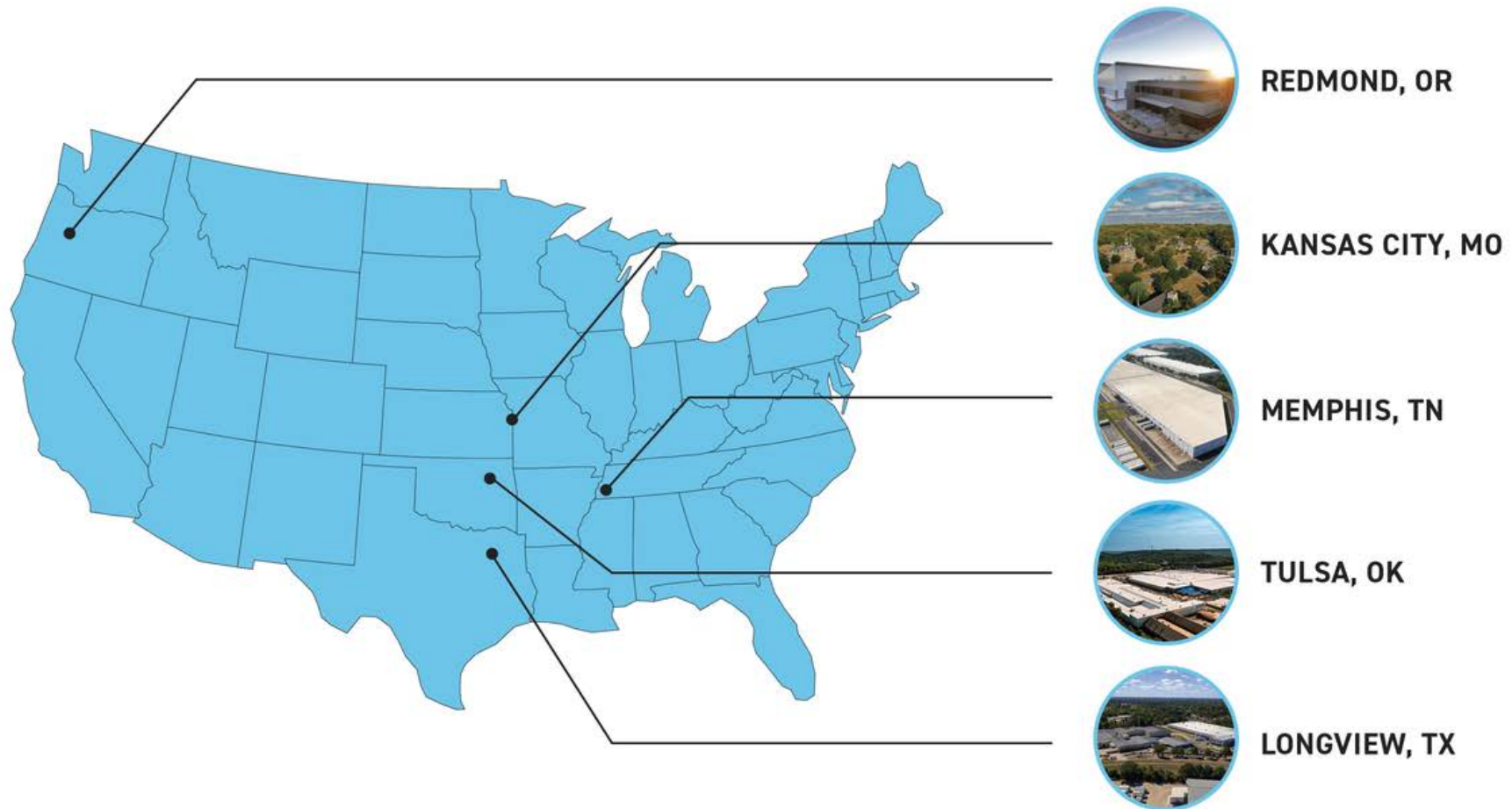


# AAON Locations

## A National Presence with a Global Impact

More than 4 million square feet of space in five strategically located facilities across the United States.

AAON is positioned to deliver exceptional HVAC solutions efficiently no matter where our customers are located.





# Mission



**AAON provides premier, configurable HVAC solutions that bring long-term value to customers and owners. By leading the HVAC industry in innovation, we create tomorrow's solutions today.**

# Report Highlights



## ENVIRONMENTAL

**57% Non-Fossil Fuel Consuming Units**

**\$ 47.3 Million in Sustainable Research & Design**

**Lower Global Warming Potential (GWP) Refrigerant Transition to R-454B**



## SOCIAL

**64% Officer Team Diversity**

**4,812 Team Members**

**74% Overall Workforce Diversity**



## BOARD OF DIRECTORS

**25% Diversity**

**25% Female**

**63 Years Average Age**

**\$1.7 Million In Contributions To Nonprofit Partners  
Over 105 Nonprofits Served**

**\$1.2 Billion In Net Sales**

**2.5% In Foreign Net Sales**

# About This Report

The AAON Impact Report details the performance for 2024. The information and data presented are based on the best available resources at the time of publication and may be subject to change. Some data and information are estimated. This report adheres to the standards set by the Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), United Nations Global Compact and references the Global Reporting Initiative (GRI) standards. Additionally, the report includes references to the UN Sustainable Development Goals.

## FORWARD-LOOKING STATEMENTS

This document includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements contained herein that are not historical facts are forward-looking statements and involve risks and uncertainties.

For all of these forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “confident,” “outlook,” “project,” “should,” “will,” and variations of such words and other words of similar meaning or similar expressions are intended to identify such forward-looking statements.

These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Important factors that could cause results to differ materially from those in the forward-looking statements include, among others:

- market conditions and customer demand for our products;
- the timing and extent of changes in raw material and component prices;
- naturally occurring events, pandemics, and other disasters causing disruption to our manufacturing operations, product deliveries, and production capacity;
- the impact caused by inflationary cost pressures, national, or global health issues, such as the coronavirus pandemic (“COVID-19”), any variants or similar outbreaks (including the response thereto) and their effects on, among other things, demand for our products, supply chain disruptions, our liquidity and financial position, results of operations, stock price, payment of dividends, our ability to secure new orders, our ability to convert backlog to revenue, and impacts to the operations status of our facilities;
- natural disasters and extreme weather conditions, including, without limitation, their effects on locations where our products are manufactured;
- the effects of fluctuations in the commercial/industrial new construction market;
- the timing of introduction and market acceptance of new products; the timing and extent of changes in interest rates, as well as other competitive factors during the year;
- general economic, market, or business conditions;
- credit worthiness of our customers and their access to capital;
- changing technologies;
- the material failure, interruption of service, compromised data or information technology security, phishing emails, cybersecurity breaches or other impacts to our information technology and related systems and networks (including any of the foregoing of third-party vendors and other contractors who provide information technology or other services);
- costs and results of litigation, including trial and appellate costs;
- economic, market, or business conditions in the specific industry and market in which our businesses operate;
- future levels of capital expenditures, R&D, and indebtedness, including, without limitation, our ability to reduce indebtedness and risks associated with the same;
- legal, regulatory, and environmental issues, including, without limitation, compliance of our products with mandated standards and specifications; and
- integration of acquired businesses and our ability to realize synergies and cost savings.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. Except as required by federal securities laws, we undertake no obligation to update any forward-looking statement to reflect events, occurrences, or developments after the date on which such statement is made. For a discussion of risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, please see Item 1A “Risk Factors” included in this Annual Report on Form 10-K, and as otherwise disclosed from time to time in our other filings with the SEC.



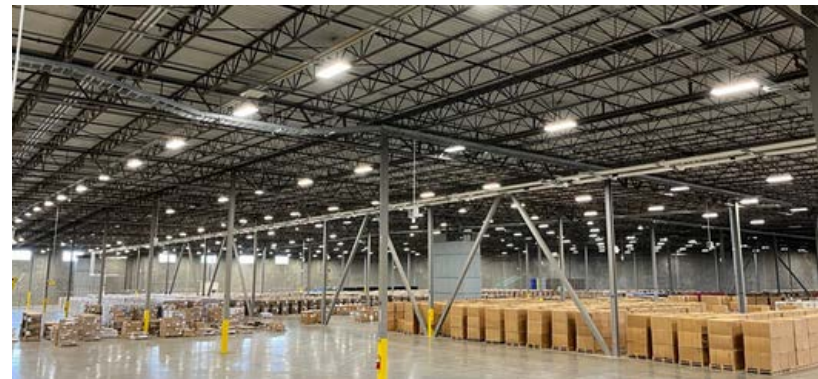
# From the CEO



AAON's foundation has always been built on being the industry leader in HVAC innovation, customization, and energy efficiency. We maintain the highest class of engineers and continue our track record as an innovative, customized solutions provider. Our board of directors and Gary Fields carefully planned my succession as AAON's next CEO to maintain our momentum while positioning us for even greater achievements ahead. Reflecting on the incredible progress we've made as a company in the past year while in my role as President and COO, I am inspired to lead the strongest leadership team with their exceptional talent, skill sets, experience, and determination. This gives me the utmost confidence in this transition. Gary will maintain his position on the board of directors, and I am honored to call him a mentor as we embark on this exciting new chapter.

In this Impact Report, we highlight 2024 as a year of strategic positioning for AAON, marked by significant triumphs and temporary headwinds. Building on our exceptional performance in previous years we anticipated challenges, and yet still met our expectations, achieving overall revenue growth. This underscores the strength of our team and our ability to navigate temporary challenges while continuing to position ourselves for long-term success.

Our BASX brand made a significant impact on the data center market with the industry's first large-scale development and sale of a custom-designed liquid cooling solution. To meet growing demand, we completed a major expansion of production capacity at our Longview, Texas location and purchased a new facility in Memphis, Tennessee, setting the stage to create numerous job opportunities and strategic company growth. These expansions diversify AAON's manufacturing footprint, mitigate operational risks, and allow us to better serve our growing customer base.



With respect to our AAON brand, we are the first manufacturer to provide certified air-source heat pump solutions operable down to -20 degrees Fahrenheit in commercial packaged rooftop equipment, further addressing the growing demands for the decarbonization and electrification of buildings. In 2024, we hit a milestone in sales of our heat pump units exceeding \$100 million. These units, sub-branded under Alpha Class, constituted 10% of our total sales in 2024, with a significant portion being 100% non-fossil fuel solutions.

The launch of Delta Class, the next evolution in our Dedicated Outdoor Air System (DOAS) technology, also reaffirmed our longstanding commitment to innovation, efficiency, and sustainability. As the industry raises minimum energy efficiency requirements, our Delta Class pushes the boundaries of DOAS technology, reducing carbon footprint while meeting the needs of high-occupancy spaces like schools, fitness centers, restaurants, and entertainment venues.

Staying true to our environmental responsibility, AAON led the industry by transitioning to the low Global Warming Potential (GWP) refrigerant, R-454B, across our product lines. Our AAON Controls division also developed a new A2L mitigation module, pioneering the usage of A2L refrigerants. We began accepting orders a year ahead of the EPA's mandate to discontinue refrigerants with GWPs above 700.



AAON strives to be the employer of choice in all our communities, and we believe that our people are at the core of everything we do. We emphasized and invested in our Organizational Development & Impact Department consisting of four dedicated teams with a mission to better support and drive positive changes for our workforce. Among this, the establishment of our Learning & Development Department will enhance our team's skills, cultivating a culture of continuous improvement and innovation through a variety of technical

training and leadership development. We will continue to grow as innovators in the ever-evolving HVAC industry.

We strategically invested in centralized business technology and processes to enhance our resource management and deliver exceptional service to our customers. The successful launch of our improved sales and customer service tool marked another significant milestone in ensuring seamless communication with our representatives.

Overall, we view 2024 as a successful year, highlighting our dedication to innovation and sustainability. Each year, we make strides in reducing greenhouse gas emissions and increasing our use of renewable energy. By embracing sustainable practices and green technology, HVAC companies play a crucial role in reducing energy consumption and promoting sustainability. Bold actions, perseverance, and collaboration are vital in emphasizing environmental responsibility and energy efficiency, paving the way for a more sustainable world.



**MATT TOBOLSKI**  
CEO





# Timeline

## 1988

AAON, an Oklahoma corporation, was founded.

Purchase of John Zink Air Conditioning Division.

## 1989

AAON purchased, renovated, and moved into a 184,000 square foot plant in Tulsa, Oklahoma.

Introduced a new product line of rooftop heating and air conditioning units 2-140 tons.



## 1990

Listed on NASDAQ Small Cap - Symbol "AAON".



## 1991

Formed AAON Coil Products, as Texas Corporation, as a subsidiary to AAON, Inc. (Nevada) and purchased coil making assets of Coil Plus.

## 1992

AAON acquires Coils Plus, Inc. and renovates the 110,000 square foot plant in Longview, Texas.



## 1993

Listed on NASDAQ National Market System.

## 1996

Purchased 40 acres with 457,000 square foot plant and 22,000 square foot office space located across from the Tulsa facility.

## 1998

AAON yearly shipments exceed \$100 million.

Received U.S. patent for Dimple Heat Exchanger Tube.



## 1999

Completed Tulsa, Oklahoma and Longview, Texas plant additions yielding a total exceeding one million square feet.

## 2001

Introduced evaporative-cooled condensing energy savings feature.



# Timeline

## 2003

Started production of polyurethane foam-filled double-wall construction panels for rooftop and chiller products using newly purchased manufacturing equipment.

## 2010

AAON RQ Series win ACHR News Dealer Design award.

AAON RN Series rooftop unit named 2010 Product of the Year-Silver by Consulting-Specifying Engineer Magazine.



## 2015

AAON Low Leakage Dampers voted "Product of the Year" by Consulting-Specifying Engineer Magazine.



## 2018

AAON acquires WattMaster Controls, Inc.

## 2019

AAON breaks ground on new facility in Longview, Texas.

AAON opens Norman Asbjornson Innovation Center.



## 2020

Founder Norman H. Asbjornson transitions to Executive Chairman. Gary D. Fields assumes new role as CEO.

AAON exceeds \$500 million in sales.

AAON RN Series with Variable Speed Compressors voted "Most Valuable Product".

## 2021

AAON introduces new low ambient air-source heat pump rooftop units.

AAON introduces the Mobile Experience tour trailer.

AAON RZ Series Rooftop Unit named "Product of the Year" by readers of Consulting-Specifying Engineer Magazine.

**BASX**

## 2022

AAON Zero Degree Cold Climate Air-Source Heat Pumps win ACHR Dealer Design award.

AAON exceeds \$880 million in sales.



## 2023

Grand opening of the Exploration Center.

AAON Longview announces new expansion plans for 230,000 square foot facility.

AAON launches Alpha Class.

AAON exceeds \$1 billion in sales.



## 2024

AAON launches Delta Class. BASX launches IRHX, a custom liquid cooling data center solution.

AAON opens new manufacturing plant in Memphis, Tennessee.

AAON Tulsa expansion includes new Human Resource and Administration buildings.

# Business

AAON is committed to driving the industry forward through the design, manufacturing and rigorous testing of our premium and highly configurable HVAC equipment. We offer solutions tailored to customer-specific needs in any commercial, industrial, data center cooling solutions, and clean-room new construction, and replacement markets. Our business strategy involves combining the low unit costs of mass production processes with the flexibility of individual customization using flexible computer-aided manufacturing systems to produce standard, semi-custom, and custom equipment.

Through a collaborative effort with our network of independent sales representatives, we engineer and manufacture products and systems that best serve the buyer's unique needs and applications.

## AAON & BASX BUSINESS UNITS

The Company announced an operating model focused on two business units, the AAON Business Unit and the BASX Business Unit, taking effect January 2025. To leverage strong market position, aligning our teams with our products allows for effectively streamlining processes, accelerating project delivery, seizing growth opportunities, drives toward long-term stability and delivering excellence to customers.

The AAON and BASX business units own their respective product strategies, engineering innovations, R&D efforts, and customer care. This allows dedicated teams to focus on delivering the best value and product execution for our customers.

AAON's innovative HVAC equipment that excels in quality, efficiency, and performance adheres to certification standards set by key organization including the American Society of Heating, Refrigeration and Air-Conditioning Engineers (ASHRAE), the Air-Conditioning, Heating, Refrigeration Institute (AHRI), the American National Standards Institute (ANSI), the Air Movement and Control Association (AMCA), and the International Organization for Standardization (ISO).





# Properties

AAON owns and leases properties with strong focus on continuous capital investment across all locations for facility improvement.

Our manufacturing facilities are heavy industrial type buildings with some coverage by overhead cranes, contain manufacturing equipment designed for automated sheet metal fabrication, metal stamping, and tube bending and forming. Our assembly lines are cart and roller-type conveyor lines with variable line speed adjustment. Subassembly areas and production line staffing are based upon line rates set by production management.

All facilities are well maintained and are in good condition, suitable for the conduct of our business.





## TULSA - 2425 South Yukon Ave., Tulsa, OK

AAON's Tulsa operations focus on the design, production and sales of semi-custom and custom commercial and industrial packaged rooftop units (RTUs).

The West plant, office facilities, NAIC, Exploration Center, Retail Parts Store, and Buckaloo Warehouse sit on an approximate 87.3-acre tract of land. The East plant and office facilities sit on an approximate 32.7-acre tract of land.

The Flint Warehouse is located approximately 3/4 of a mile east of our plant locations at 2020 South Union Ave., Tulsa, Oklahoma, and is on approximately 5.5 acres.

West & East Plants and Offices (Owned)	Buckaloo Warehouse (Owned)	Flint Warehouse (Owned)
1,266,000 sq ft <i>Manufacturing/Warehouse</i>	39,000 sq ft <i>Manufacturing/Warehouse</i>	48,000 sq ft <i>Manufacturing/Warehouse</i>
86,000 sq ft <i>Office</i>	1,000 sq ft <i>Office</i>	5,000 sq ft <i>Office</i>
<b>1,352,000 sq ft Total</b>	<b>40,000 sq ft Total</b>	<b>53,000 sq ft Total</b>



## ADMINISTRATION & HR - 1624 & 1625 West 21st St., Tulsa, OK

AAON Administration facilities are located approximately 3/4 of a mile East of our Tulsa plants and sit on an approximate 3.6-acre tract of land. These facilities include additional office and meeting space utilized for company-wide administrative, human resource, and training functions.

## RETAIL PARTS STORE - 9528 East 51st St., Tulsa, OK

An additional retail parts store in a stand-alone building sits on an approximate one-acre tract of land, and provides customers more accessibility to our parts products.

## DISTRIBUTION CENTER - 13445 East 59th St., Tulsa, OK

The Distribution Center opened in August, 2024 and is a leased facility primarily used for parts distribution and additional warehouse space, increasing storage capacity, customer-support response, and shipping.

90,000 sq feet is dedicated to national parts distribution and contains 187 sections of wire-guided aisle warehouse racking.



Administration & HR (Owned)	Retail Parts Store (Owned)	Parts Distribution (Leased)
11,000 sq ft <i>Manufacturing/Warehouse</i>	7,500 sq ft <i>Manufacturing/Warehouse</i>	347,000 sq ft <i>Manufacturing/Warehouse</i>
36,000 sq ft <i>Office</i>	6,000 sq ft <i>Office</i>	9,000 sq ft <i>Office</i>
<b>47,000 sq ft Total</b>	<b>13,500 sq ft Total</b>	<b>356,000 sq ft Total</b>





## NORMAN ASBJORNSON INNOVATION CENTER (NAIC) - 2422 S Yukon Ave, Tulsa, OK

The NAIC is located just to the west of our Tulsa West plant and offices. This world-class research and development (R&D) laboratory solidifies AAON as the technological leader in high performance HVAC equipment. The three-story, stand-alone facility is both an acoustical and a performance measuring laboratory.

This facility consists of 12 test chambers, allowing AAON to meet and maintain industry certifications. Products are continuously tested under multiple extreme environmental conditions to ensure they deliver ultimate performance, efficiency, and value.

### NAIC (Owned)

125,000 sq ft  
*Manufacturing/ Warehouse*

9,000 sq ft  
*Office*

**134,000 sq ft  
Total**

## THE GARY D FIELDS EXPLORATION CENTER - 2422 S Yukon Ave, Tulsa, OK

The Exploration Center is adjacent to the NAIC. This three-story building is a net-zero facility utilized for office space and serves as a showcase event hub for stakeholders, including employees, customers, representatives, and investors.

The Exploration Center provides an experience to see AAON's engineering, design attributes, and premium build quality of our equipment side-by-side the market alternatives, including demonstrations of processes and components that drive higher performance and greater efficiency in the industry.

### Exploration Center (Owned)

0 sq ft  
*Manufacturing/Warehouse*

28,000 sq ft  
*Office*

**28,000 sq ft**  
**Total**







## KANSAS CITY- 8500 NW River Park Dr., Parkville, MO

AAON Controls operates out of an 86,000-square-foot leased facility within the River Park underground business park in Parkville, Missouri—a repurposed limestone mine located beneath Park University, near Kansas City.

From this unique location, our team designs and manufactures high-performance controls that enhance the distinctive capabilities of AAON equipment.



### Controls Facility (Leased)

38,000 sq ft  
*Manufacturing/ Warehouse*

48,000 sq ft  
*Office*

**86,000 sq ft**  
**Total**





## LONGVIEW - 203 Gum Springs Road, Longview, TX

Our operations in Longview, Texas that produces the majority of semi-custom heating and cooling coils used in our products. This facility also engineers and manufactures a selection of semi-custom, and custom AAON and BASX HVAC systems. The East plant and offices are on approximately 12.9 acres and our West plant and offices are on approximately 22.6 acres. The new expansion of the West Plant which added 225,500 square feet of manufacturing/warehouse space and 12,000 of office space.

## RETAIL PARTS STORE & ADDITIONAL WAREHOUSE - 203 Ford Lane, Longview, TX & 115 Kodak Blvd, Longview, TX

AAON also owns two additional buildings. Our retail parts store, leased to a Representative of the Company, is located north of our West plant and our Kodak facility is primarily used for warehouse space.

West & East Plants and Offices (Owned)	Parts Store (Owned)	Kodak Facility (Owned)
691,500 sq ft <i>Manufacturing/Warehouse</i>	5,000 sq ft <i>Manufacturing/Warehouse</i>	62,000 sq ft <i>Manufacturing/Warehouse</i>
31,000 sq ft <i>Office</i>	0 sq ft <i>Office</i>	2,000 sq ft <i>Office</i>
<b>722,500 sq ft Total</b>	<b>5,000 sq ft Total</b>	<b>64,000 sq ft Total</b>

## Redmond - 3500 SW 21st Place, Redmond, OR

BASX engineers, manufactures, and sells custom, high-performance cooling and ventilation solutions for the data center market, clean room environments, and highly custom air handlers and modular solutions.

Our main operations in Redmond, Oregon, are conducted in a plant, office, and weld shop facility on an approximately 14- acre tract of land.

Other leased facilities include additional office and warehouse space and approximately eight acres of land for outdoor storage.



Redmond Plant and Offices (Owned)	Antler, Sister's, and Marshall Warehouses (Leased)	Various Facilities (Leased)
203,000 sq ft <i>Manufacturing/Warehouse</i>	113,000 sq ft <i>Manufacturing/Warehouse</i>	16,000 sq ft <i>Manufacturing/Warehouse</i>
27,000 sq ft <i>Office</i>	0 sq ft <i>Office</i>	4,000 sq ft <i>Office</i>
<b>230,000 sq ft Total</b>	<b>113,000 sq ft Total</b>	<b>20,000 sq ft Total</b>





## MEMPHIS - 5106 Tradeport Drive, Memphis, TN

AAON purchased a facility in Memphis that sits on 35.7 acres of land. This operation will primarily manufacture our BASX brand products in the data center market as well as some AAON brand products. It also adds geographic diversification to the Company's current manufacturing footprint.

### Memphis Facility (Owned)

702,000 sq ft  
*Manufacturing/Warehouse*

85,000 sq ft  
*Office*

**787,000 sq ft**  
**Total**



# Materiality

AAON regularly assesses and adjusts our strategy and reporting to address a broad spectrum of corporate responsibility issues vital to our business and stakeholders.

These key topics are identified through annual risk assessments and internal and external stakeholder engagement, resource distribution, and strategic adjustments in areas such as environmental, social, economic, and governance matters.

- Stakeholder Engagement
- Innovation and Efficiency
- Environmental Responsibility
- Climate Change
- Cybersecurity
- Occupational Health and Safety
- Talent Attraction and Retention
- Inclusion and Engagement
- Community Engagement and Investment
- Corporate Governance
- Ethics and Compliance

Each topic is aligned as noted within the UN Sustainable Development Goal framework.



# Stakeholder Engagement

## OUR TEAM MEMBERS

AAON team members are vital stakeholders. We prioritize open communication through company-wide leadership communication, mentorship opportunities, learning and development programs, engagement surveys and multiple internal communication efforts.

We support team members in culture and engagement initiatives through resource and affinity focus groups. Our Human Resource Department encourages direct communication for suggestions and feedback through office hours and our monitored 'Ask Here' resource in Paycom.

We are continually improving internal communication across multiple channels to all team members including:

- HRIS system
- Everbridge — Company emergency alert system
- AAON TeamHub — internal news intranet site
- Internal TV system and Newsletters
- Podcasts
- Annual Employee Engagement Survey



## CUSTOMERS

AAON values customer feedback and offer the following support teams and resources:

- Customers have direct communication with AAON representatives for sales and aftermarket assistance.
- Customer Service, Technical Support & Warranty is available for service and technical inquiries.
- The AAON Controls Support team is available for customer assistance.
- Customers can contact AAON through our website for any general questions.

## SALES FORCE

We employ a sales staff of 81 individuals and utilize approximately 55 independent manufacturer representatives' organizations, which operate 132 equipment sales offices across the United States and Canada.

Sales are made through our independent manufacturers' representatives with shipments directly from our facilities. AAON sales staff provides product information and support through multiple channels:

- **Sales Support** — Representatives offer sales-related and aftermarket assistance.
- **Technical Support** — Dedicated teams provide guidance and support for customers' technical inquiries.
- **The Mobile Experience** — From energy-efficient systems to sustainable technologies, our mobile exhibit highlights the quality and equipment innovation that set AAON apart.
- **The Exploration Center** — This customer-driven center offers a behind-the-scenes look at every stage of our manufacturing process and compare AAON equipment side-by-side with competitor equipment, including light, large, and Dedicated Outdoor Air System (DOAS) rooftop units.

## INVESTORS

We frequently engage with company investors through our Investor Relations department. The Director of Investor Relations and Corporate Strategy serves as the primary contact. The Company provides updates and information through various channels, including:

- **Investor Presentations** — Showcasing the company's performance and future plans.
- **Investor Relations webpage** — Offering news and event updates on financial results, dividend announcements, and executive leadership changes.
- **Financials** — Providing financial reports to help investors understand the company's financial health.
- **Governance** — Sharing information about the company's governance practices.
- **Annual Reports** — Delivering a comprehensive overview of the company's performance over the past year.





## SUPPLIERS

AAON, interacts with its material suppliers in several ways:

- **Product Quality** — To produce highly configurable equipment to meet our customer demands, we require high-quality products from our suppliers.
- **Sales** — To support AAON's sales growth, we maintain a strong relationship with our suppliers.
- **Cost Management** — AAON closely monitors and manages its costs with suppliers.
- **Supplier Network** — AAON continually strives to build relationships with suppliers to ensure the smooth operation of the supply chain.



## GOVERNMENT

AAON's interaction with the government includes:

- **Regulatory Compliance** — The EPA (Environmental Protection Agency) Technology Transition Rule, which is driven by environmental concerns and strict enforcement of Global Warming limits for the HVAC industry.
- **Government Projects** — AAON provides HVAC solutions for government projects, focusing on energy efficiency, comfort and air quality, security, maintenance and repair, budget constraints, and regulation compliance.
- **Representative Network** — AAON Representatives continually strive to build relationships with government entities to ensure the smooth operation of the supply chain.
- **Engagement in Government and Industry Affairs** — AAON's Government and Regulatory Affairs staff member represents AAON on the Department of Energy Advisory Committee.

## COMMUNITIES

AAON is committed and highly active in its community engagement in the communities where it operates.

- AAON collaborates with 105 nonprofits and engages with other local businesses and organizations, including Chambers of Commerce. AAON team members participated in 136 engagement events in 2024.

# Supply Chain

## SOURCES AND AVAILABILITY OF RAW MATERIALS

The crucial raw materials we purchase are steel, copper, and aluminum. We also purchase certain components, including coils, compressors, electric motors, and electrical controls used in products from other manufacturers. We attempt to secure the lowest cost in our purchases of raw materials and components, that meet specified quality standards. We are not dependent upon any one source for raw materials or major components of our manufactured products. By having multiple suppliers, this allows the Company to have adequate sources of supplies to meet our manufacturing requirements.

We aim to mitigate the effects of price fluctuations on these materials by securing both cancellable and non-cancellable contracts with our key suppliers, spanning durations of six to 18 months. The Company also has current contracts involving refrigerant that range from three to five years.

### Supplier Code of Conduct

AAON establishes and maintains strong business relationships with suppliers while adhering to responsible and sustainable practices. These practices include compliance with laws and regulations, ethics and business conduct, commitment to sustainability, prohibition of child labor, respect for human rights, and social responsibility.

### Conflict Minerals

AAON is committed to ethical business practices and compliance with the Conflict Minerals Rule, which is a regulation that aims to prevent the use of minerals that finance conflict in the Democratic Republic of Congo and adjoining countries. The policy requires their suppliers to perform due diligence and report annually on the presence of conflict minerals in the products they manufacture.



# Enterprise Resource Planning

Enterprise resource planning (ERP) systems can play a significant role in facilitating sustainability reporting by automating data collection and analysis. AAON is committed to improving our technology and revamping our core business processes.

Project RISE is AAON's business transformation of our core processes and enabling technology. This investment in the will support future growth, and enable the Company to promote its values and culture through an integrated technology platform. It will also provide real-time financial performance for leaders to make strategic decisions for continued success well into the future.

Project RISE is implementing this transformation in structured phases, deploying new technology solutions and processes at all company locations.





# Research & Development

**Our ability to test equipment to its limits empowers us to push boundaries and drive innovation forward.**

AAON continually develops innovative products to compete effectively and to meet evolving regulatory standards in all of our major product lines. We self-sponsor our research and development activities.

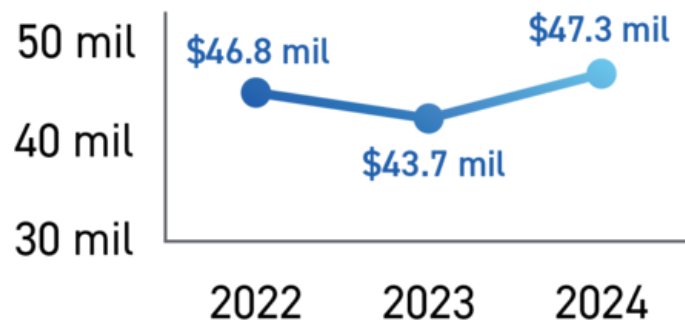
R&D activities include:

- RQ, RN, and RZ (rooftop units)
- H3, SA, V3, and M2 (air handling units)
- CF (condensing units)
- SA and SB (self-contained units)

Component evaluation and refinement, development of control systems, and new product development



## R&D expenses incurred:



The NAIC sets the stage for cutting-edge performance testing of HVAC equipment by offering a comprehensive array of 12 calibrated testing chambers. These state-of-the-art chambers ensure unparalleled testing accuracy, aligning with industry standards set by AHRI and ASHRAE. With a lab facility equipped with multiple chambers, development testing can be conducted throughout the year, following a consistent schedule.

The NAIC R&D laboratory facility includes many unique capabilities, which, to our knowledge, exist nowhere else in the world. A few features of the NAIC include supply, return, and outside sound testing at actual load conditions of up to:

- 300-ton air conditioning system
- 540-ton chiller system
- 80 million BTU/hour gas heating test capacity

## ACCREDITATION

The NAIC carries accreditation from AMCA (Air Movement and Control Association) International, Inc. for standards AMCA 210 (aerodynamic performance rating) and AMCA 300 (reverberant room sound testing).



ACCREDITED LABORATORY

The laboratory of

**AAON Incorporated**

2425 S Yukon Ave.  
Tulsa, OK 74107

is accredited with AMCA International as being qualified to conduct tests in accordance with

**AMCA 210**

Fig 12, 15

**AMCA 300**

Fig 1, 2, 3





## ENVIRONMENTAL APPLICATION TESTING

Environmental application testing capabilities include -20°F to 130°F testing conditions, up to eight inches per hour rain testing, up to two inches per hour snow testing, and up to 50mph wind testing. We believe we have the largest sound-testing chamber in the world for testing heating and air conditioning equipment. To our knowledge, there are no other labs capable of conducting this testing while subjecting the equipment to full environmental load. The unique capabilities of the NAIC enable us to lead the industry in the development of quiet, energy efficient commercial and industrial heating and air conditioning equipment.

The NAIC currently houses 12 testing chambers. These testing chambers allow us to meet and maintain AHRI and U.S. Department of Energy ("DOE") certification and solidify the Company's industry position as a technological leader in the manufacturing of HVAC equipment. The NAIC contains both a 100-ton and a 300-ton chamber, allowing us to uniquely prove to customers our capacity and efficiency on these larger units.

The NAIC was designed to test products well beyond the standard AHRI rating points and allows us to offer testing services on our equipment throughout our range of product applications. This capability is vital for critical facilities where the units must perform properly and allows our customers to verify the performance of our units in advance, rather than after installation. These same capabilities have allowed AAON to develop low ambient air-source heat pump products that are unique in being able to address the growing need for these type of units that address electrification initiatives and commitments.

The NAIC also has Accreditation from AHRI for chiller testing within our facility. AHRI chooses not to Certify or Accredite Laboratories with the exception of water chiller testing.

Beyond its research and development capabilities, the lab provides a captivating and immersive experience for customers, allowing them to witness their units' real-world performance firsthand or during visits.



## BASX RESEARCH & DEVELOPMENT

R&D activities at BASX focus on developing and validating high-performance solutions tailored to customers' specifications. By investing in our own research and development, we minimize risks on custom equipment and help ensure that facilities perform as expected.

Our Research and Development Building conducts extensive testing, where equipment is assembled and integrated with other systems. Our advanced testing capabilities include measuring equipment sound power, simulating heat loads with 8 million BTUs of gas-fired boilers, and simulating 1.2 megawatts of liquid-cooled computers generating over 3.4 million BTUs of heat. The Factory Acceptance Testing (FAT) Team simulates real-world conditions to ensure flawless operation and compliance. This collaborative approach drives customer value through rigorous performance testing, including airflow, power consumption, air leakage, control integration, thermal management, fluid flow, sound, vibration, and recovery rates.

In 2024, our facility conducted testing for ground-breaking data-center equipment such as the DAHU system and a prototype In-Row Heat Exchanger (IRHX) manufactured at our Longview, Texas facility. These tests simulate actual data center conditions, using electric load banks to mimic the heat from next-generation liquid-cooled AI servers. DAHU products help maintain optimal temperatures, with power consumption for one unit equating to a typical household's usage over 25 days. In a single data center, over 75 units may operate simultaneously. Throughout these tests, we collect extensive data on temperature, power consumption, sound levels, and vibration across 30 points within the unit. This data is crucial for our engineering teams to develop efficient and reliable equipment.





## ELECTRONICS PROTOTYPING LAB

Our Electronics Prototyping Lab is a fully functional Surface Mount Device (SMD) production line, equipped with automated pick-and-place machinery capable of precisely placing devices as small as 0.1mm by 0.2mm—the same scale used in cell phones.

The production line also features a profiled reflow oven to ensure the reliability of finished prototypes. This lab has accelerated our speed to market and enabled the integration of cutting-edge technology into our control designs. Additionally, it empowers our Controls Engineering team to leverage their hardware and software expertise, allowing us to outpace competitors in adapting to market changes and disruptions.

# Patents, Trademarks, Licenses, and Concessions

Patents, trademarks, licenses, or concessions are not considered material to our business operations, except for those described below. AAON holds several patents related to the design and use of our products. We consider these patents important, but no single patent is pivotal to the overall conduct of our business.

We proactively obtain patents to advance our strategic intellectual property objectives. We own specific trademarks that we consider crucial in the marketing of our products and services, and we safeguard our trademarks through national registrations and common law rights.

Our patents have legal terms of 20 years, with expiration dates ranging from 2023 to 2039. The Company's trademarks, some of which are significant to its business, are registered or otherwise legally protected in the U.S.

## 2004

**U.S. PATENT NO. 6715312**  
De-superheater for evaporative air conditioning  
Issued April 6, 2004

**U.S. PATENT NO. 6792767**  
Controls for air conditioner  
Issued September 21, 2004

**U.S. PATENT NO. 6802543**  
Door Handle  
Issued October 12, 2004

## 2005

**U.S. PATENT NO. 6729096**  
System for installing suspended ceiling  
Issued January 11, 2005

**U.S. PATENT NO. 6929452**  
Plenum Fan Banding  
Issued August 16, 2005

## 2016

**U.S. PATENT NO. 9234603**  
Air Damper  
Issued January 12, 2016

## 2023

**U.S. PATENT NO. 11808282**  
Propeller fan assembly with silencer seeds and concentric hub and method of use  
Issued November 7, 2023



# AAON Products

**AAON builds HVAC units, for commercial and industrial buildings of all sizes, each designed for performance, adaptability, and serviceability.**



## UNITARY PRODUCTS

Our flagship products consist of a single-unit system that generates heating and cooling in a self-contained cabinet, referred to in the industry as “unitary product.” The majority of our unitary products are installed on the rooftop of commercial and industrial buildings and structures. These are known in the industry as “rooftop units,” or (“RTUs”).

AAON branded products are created by assembling a combination of sheet metal and tubing fabrication components and pre-manufactured/purchased components such as coils, compressors, fans, and control systems. All products undergo rigorous end-of-line testing and inspection prior to being shipped to customers. All units are designed with rigid polyurethane foam insulated cabinet construction and direct drive-in reverse bent plenum fans, allowing the units to have quiet, energy efficient airflow with high static pressure capacities setting the industry standards for longevity. Our unitary air conditioners and heat pumps (RQ and RN Series) are certified with AHRI and the US Department of Energy (“DOE”) to ANSI/AHRI 210/240 up to five tons capacity and ANSI/AHRI 340/360 from five to 63 tons capacity. Performance characteristics of our products range in cooling capacity from two to 261 tons and in heating capacity from 24,000 to 4,500,000 British Thermal Units (“BTUs”).

We offer three groups of RTUs:

- **RQ Series** — consisting of five cooling sizes ranging from two to five tons
- **RN Series** — offered in 26 cooling sizes ranging from six to 140 tons
- **RZ Series** — offered in 15 cooling sizes ranging from 45 to 261 tons.

When configured as Air-Source Heat Pumps (“ASHP”), the RQ and RN Series (two to 50 tons), are capable of operating in ambient outside temperatures as low as -20 degrees Fahrenheit. This class of products, known as AAON Alpha Class™.





## ALPHA CLASS

AAON Alpha Class™, is a critical, industry-leading solution that meets the increasing demand for commercial building decarbonization. Utilizing unrivaled engineering prowess and cutting-edge compressor technology, AAON Alpha Class™ provides energy-efficient heating and cooling throughout the year in virtually any climate. This class of products is leading the charge towards sustainable HVAC solutions, accelerating the adoption of cleaner, more efficient technology that propels the decarbonization movement forward.

AAON Alpha Class air-source heat pumps, available in capacities ranging from two to seventy tons, offer exceptional versatility and industry-leading features to meet the growing environmental and regulatory needs. This premier HVAC solution is highly configurable and optimized for diverse environments. It features variable speed compressor technology, all-electric or dual-fuel options, Dedicated Outdoor Air System (DOAS) capability, energy recovery, and low global warming potential refrigerant. The AAON Alpha Class is engineered for higher efficiency and lower emissions, utilizing the same double-wall rigid polyurethane foam-injected panel construction that AAON is known for, which helps retain useful heating and cooling energy within the building.

Ushering in a new era of excellence, AAON Alpha Class air-source heat pumps can operate reliably at lower ambient temperatures than traditional heat pumps and offer higher heating capacities over a wide range of operating conditions. The Company's air-source heat pumps perform well in climates where other heat pumps cannot, saving energy-related costs year-round. The performance of the AAON Alpha Class is tested and verified down to an ambient temperature of -20 degrees Fahrenheit. With its first-of-its-kind omni-climate performance, the AAON Alpha Class offers the innovation that our future demands.

**ALPHA CLASS WEBSITE**





## DELTA CLASS

As building standards evolve and energy efficiency becomes increasingly important, AAON's Delta Class represents the latest advancement in Dedicated Outdoor Air System (DOAS) technology. It reflects the Company's ongoing focus on innovation, performance, and environmental responsibility. AAON has played a key role in the development of DOAS solutions, offering reliable, high-efficiency systems for a wide range of applications. Delta Class builds on this foundation, incorporating decades of engineering experience and continuous product refinement.

The Delta Class product line includes features such as variable capacity compressors, modulating reheat, 100% outdoor air dampers, and advanced energy recovery systems. It supports energy efficiency and helps reduce environmental impact, making it well-suited for high-occupancy environments like schools, fitness centers, restaurants, and entertainment venues.

As the need for sustainable HVAC solutions grows, Delta Class offers a practical, forward-looking option for delivering fresh air efficiently and effectively. With dedicated outdoor air, ventilation is separate from space conditioning. The DOAS works behind the scenes bringing in clean, fresh air to allow the rest of the system to perform optimally for more flexibility and greater control.

**DELTA CLASS WEBSITE**

## PACKAGED ROOFTOP UNITS

AAON sets the standard for commercial packaged rooftop units in performance, serviceability, and long-term value. Packaged Rooftop Units contain all the necessary components for heating and cooling, including a compressor, condenser, evaporator, and air-handling unit.

AAON rooftop and condensing units primarily consist of units installed on commercial or industrial structures, less than ten stories in height. These units are innovative, efficient, and engineered for top performance.

The RQ Series and RN Series, two to 50 tons, feature the option of our Alpha Class air-source heat pumps, which are fully electric and highest-performing in energy-efficiency. This is a critical solution to meet the increasing demand for building decarbonization in cold climates.

RQ Series



RN Series

RZ Series



## AIR HANDLING UNITS

Air Handling Units offer best-in-class flexibility with indoor units, outdoor units, packaged units where all the refrigerant components are in one unit, or split units that consist of a condenser unit and air handler. Our Air Handling Units, self-contained units, heat pumps, and coils are suitable for all sizes of commercial and industrial buildings. They are engineered for any application imaginable and provide a premium solution for any application.

Our air handling units consist of the indoor H3 and V3 Series and the modular M2 Series, as well as air handling unit configurations of the RQ, RN, RZ, and SA Series units. The SA, SB, and M2 Series indoor packaged, water-cooled, or heat pump self-contained units offer cooling capacities of 3 to 70 tons.

Our energy recovery option applicable to our RQ, RN, RZ, and SB units, as well as our H3, V3, and M2 Series air handling units, responds to the U.S. Clean Air Act mandate to increase fresh air in commercial structures. Our products are designed to compete on the higher quality end of standardized products.

Our RN, RQ, M2, and SB Series geothermal/water-source heat pumps are AHRI certified in accordance with ANSI/AHRI/ASHRAE/ISO 13256.

## AAON SPLIT SYSTEMS

AAON Split Systems offer the same quality you can expect from packaged Rooftop Units. One of the many ways we deliver on this lasting value is by equipping all Air Handling Units with direct drive backward plenum fans. The absence of a belt and pulley system eliminates belt losses and results in higher overall efficiencies and consistent performance, especially when faced with changes in system conditions, like varying duct pressures or airflow demands. Direct drive fans do not require belt maintenance, thereby maximizing energy efficiency and reducing maintenance needs. Furthermore, direct drive backward-curved plenum fans also ensure optimal air circulation and ventilation.



H3 Series

SA Series



M2 Series





## CONDENSING UNITS

Engineered for energy efficiency, long-lasting performance and easy installation, AAON Condensers and condensing units offer superior value.

The condensing unit is a key component of an air conditioning or refrigeration system that is responsible for transferring heat from inside the building to the outside. It consists of a compressor, a condenser coil, a fan, and controls, all housed in a single unit.

Regulatory agencies have increased the minimum standards to ensure progress in sustainability and energy efficiency. Many of AAON's products far exceed these standards and are among the highest-efficiency products currently available.

All AAON Units feature double wall rigid polyurethane foam insulated cabinet construction and lockable hinged doors which provide service access to all sections of the unit.

AAON products exhibit a wide range of performance characteristics, with cooling capacities spanning from 2 to 261 tons and heating capacities from 7,200 to 4,500,000 British Thermal Units (BTUs). In a standard commercial building setup, one ton of air conditioning is typically required for every 300–400 square feet. Consequently, a 100,000 square foot building may necessitate the use of multiple units. AAON's packaged rooftop units, equipped with two-stage compressors, are fine-tuned with high-efficiency evaporator and condenser coils and variable-speed fans. This results in an AHRI Certified performance reaching up to 20.3 SEER (Seasonal Energy Efficiency Ratio) and 22.5 IEER (Integrated Energy Efficiency Ratio).

The AAON H3/V3 Series energy recovery wheel air handling units are designed to provide 100% outside air ventilation in an energy-efficient manner. They achieve this by reclaiming energy that would typically be lost through building exhaust.

The energy recovery feature is offered in our RQ, RN, RZ, and SB semi-custom units, as well as the H3, V3, and M2 air handling units. This feature is our response to the mandate of the Clean Air Act, which requires an increase in fresh air in commercial buildings. Our products are engineered to rival the top-tier standard products in the market.

CF Series



SA Series



V3 Series

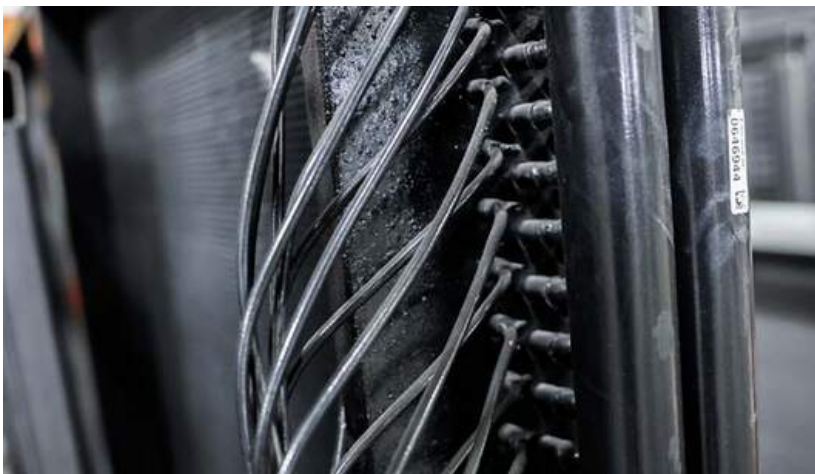


# Featured Components

## CONDENSER FAN

AAON's latest design is a condenser fan assembly that generates lower sound pressure during operation and minimizes blade deflection without sacrificing performance.

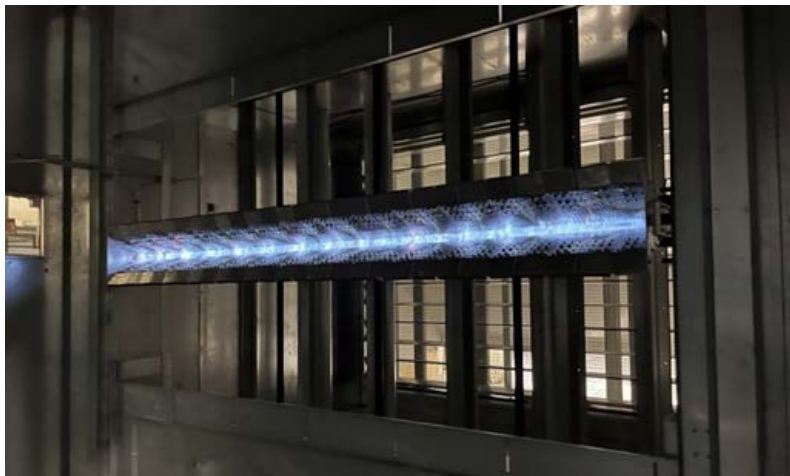
- **Lower Sound Pressure** — The fan assembly is designed to operate quietly, which can be beneficial in environments where noise reduction is important.
- **Minimized Blade Deflection** — This design minimizes blade deflection, which can improve the fan's performance and longevity by reducing the stress on the blades during operation.
- **Maintained Performance** — Despite the lower sound pressure and minimized blade deflection, the fan assembly is designed to maintain high performance and is a significant achievement in fan design.



## POLYMER E-COATED COILS

AAON's Polymer E-Coated Coils are designed to extend the coil's lifespan and protect them in corrosive environments. This E-Coating allows coated coils to perform as designed with less than a 1% reduction in heat transfer. After two continuous years of simulated harsh coastal service, Polymer E-Coated Coils saw no degradation in performance, as compared to a 60% reduction in coil performance of a non-coated coil.

These coils can be paired with AAON air handling units, creating a complete dual fuel split system with hot water, steam, electric, or gas heating.



## DIRECT FIRED GAS BURNER

AAON's direct fired gas burners are a highly efficient heating solution designed for various commercial and industrial applications.

- The direct fired heating process has a 92% efficiency rate.
- The burners operate on natural gas, achieving very high temperature increases.
- The heaters can operate reliably down to -40 degrees Fahrenheit (-40 degrees Celsius) with all valves modulating a 30:1 turndown.
- The direct fired heating process is environmentally clean.
- This option is available in the RZ series and can be highly customized to meet customer requirements.



## COMPRESSORS AND EVAPORATIVE COOLERS

AAON offers three types of compressors— two-step, digital/variable capacity, and variable speed. The evaporative cooling processes are also a part of our high-efficiency HVAC solutions.

- These compressors provide load-matching cooling and the highest efficiency ratings when operating at part-load conditions.
- All three compressor types are available in the RQ and RN series.
- The RZ series only offers the variable speed compressor and evaporative cooling as an option.

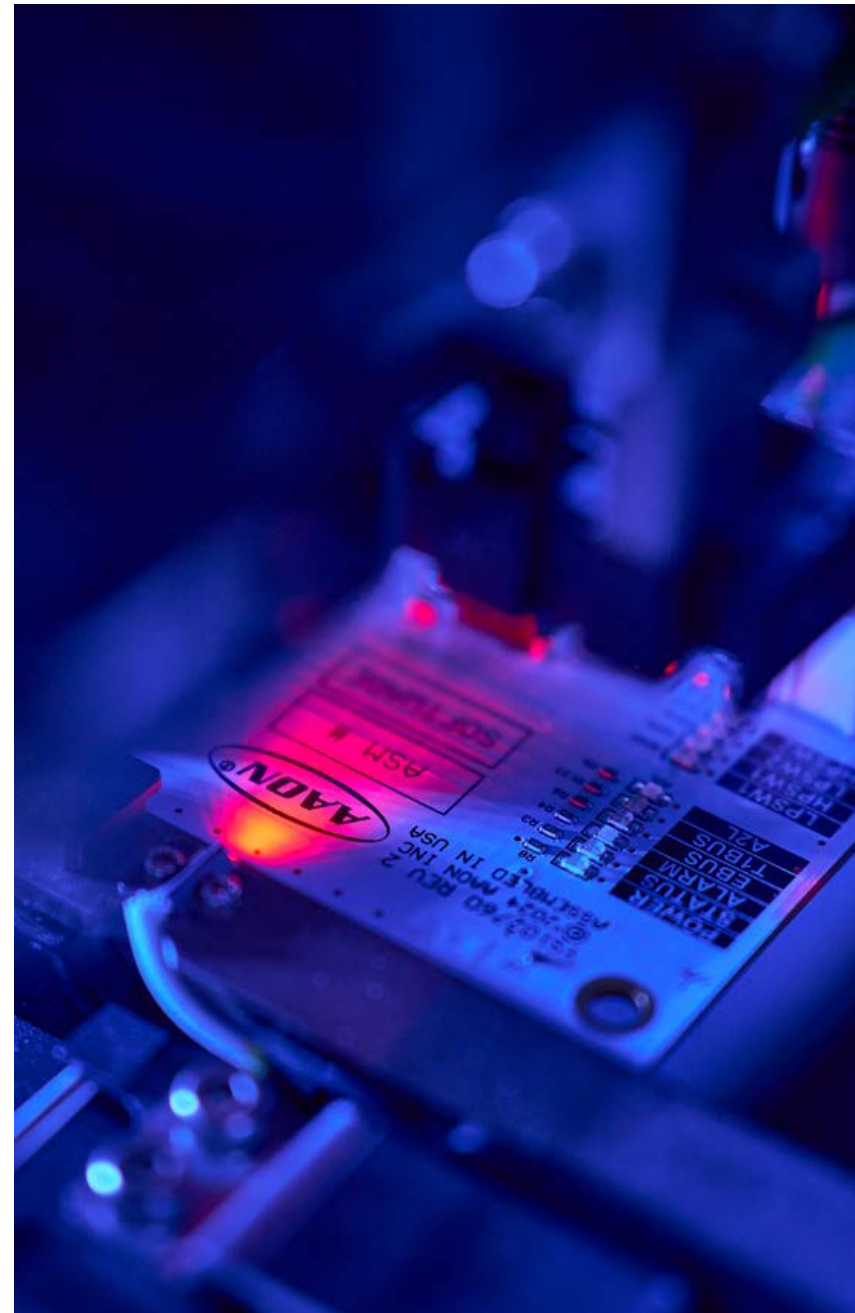


# AAON Controls

Our Controls team operates within an 86,000-square-foot underground facility, housed in a repurposed limestone mine. This unique location, combined with upgraded energy-efficient lighting, has significantly reduced our carbon footprint by lowering both air conditioning and lighting energy consumption.

We are actively transforming this space into a world-class electronics manufacturing hub, with a strong focus on robotic automation. These advancements are not only enhancing our operational efficiency but also reinforcing our commitment to environmental stewardship and sustainable manufacturing practices.

AAON Controls is continually developing new controls that leverage machine-learning to provide customers with the most innovative solutions in the industry. We are investing in advanced communication technologies, enabling our products to seamlessly share data with both internal systems and external customers. Through strategic partnerships with industry leaders, we are developing a robust Internet of Things (IoT) solution. This platform leverages artificial intelligence to optimize the development of control algorithms and operational sequences, driving greater efficiency and innovation across our systems.



AAON Controls provides factory-developed and tested control options for variable air volume systems associated with AAON units and other HVAC-related equipment. Right out of the box, our controls are user-friendly and configurable, offering a variety of application options for HVAC units. We also customize our controls to meet the unique requirements of our customers. Our control solutions enhance the unique features and capabilities of our products.

<b>Prism 2</b>	A Windows-based graphical interface for interacting with AAON digital controls. It features intuitive screens for status, set-points, and configuration, along with customizable views for floor plans, equipment images, or summaries. Users can manage schedules, trend logs, and alarms, with connectivity options including on-site, modem, or TCP/IP Internet access.
<b>VCCX2 Controller</b>	The VCCX2 Controller is a versatile unit controller ideal for variable air volume applications. It supports up to eight digital compressors and four heating stages, and integrates seamlessly with AAON Refrigerant Systems Modules (RSM). With advanced dehumidification and airflow monitoring, it also features a user-friendly 2x8 LCD display and four-button interface for status, alarms, and BACnet configuration.
<b>A2L Mitigation Module</b>	AAON is a leader in adopting A2L refrigerants, which offer lower global warming potential but require enhanced safety due to increased flammability. The A2L Mitigation Module is a standalone safety system that works with both AAON and third-party controls to ensure safe and reliable unit operation.
<b>BACnet General Controller (BGC)</b>	The BACnet General Controller (BGC) is a versatile I/O module that enables BACnet systems to read inputs and control outputs. It features 8 analog inputs, 8 binary inputs, 8 relay outputs, and 4 analog outputs. Operating as a standalone controller, it offers a user-friendly interface with advanced functions like scheduling, alarms, and trend monitoring.
<b>General Purpose Controller (GPC-XP)</b>	The General-Purpose Controller (GPC-XP) is a versatile controller that provides flexibility with user-defined inputs and outputs, a wide range of applications, sensor averaging like CO2, and a master scheduler for the site with up to eight unique schedules per GPC-XP.
<b>Sub cool Monitor</b>	The Sub Cool Monitor is a specialized device that enhances HVAC efficiency by monitoring refrigerant subcooling. Compatible with various refrigerants and pressure transducers (250, 500, and 667 psi), it connects to the controller to ensure optimal system performance.

*Most of our controls comply with the Underwriters Laboratories category ZPV12 and are certified by BACnet Testing Laboratories. This ensures that our products meet internationally recognized standards for safety, traceability, conformance, and production quality. Our economizer function is certified under California Title 24, which helps to minimize energy consumption. We use proven sequences of operation to optimize the performance of our HVAC units.*

# Wiring

We provide unit-specific wiring diagrams in both ladder and point-to-point formats. These diagrams feature color-coded illustrations that match the corresponding color-coded wires used in production.

The wire itself is stored and prepared in an internal warehouse location strategically positioned near the manufacturing lines for easy access. Our wiring area is equipped with a striping machine capable of dyeing wires in a variety of colors. For high-volume needs, we source pre-colored wire from our vendor, with the option to add striping as required.

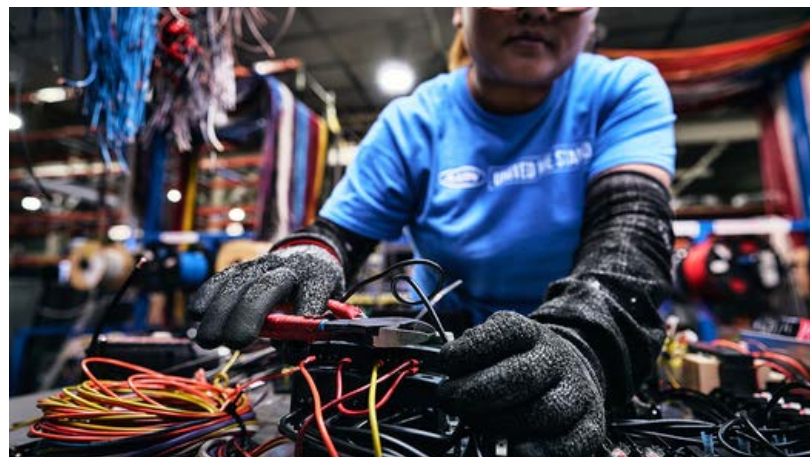
A Komax machine is used to cut wires to specified lengths and attach connectors. These wire orders are submitted directly by the production line, based on engineering specifications outlined in the manufacturing work orders. This just-in-time ordering system ensures that the wiring department issues only what is needed, enhancing both efficiency and sustainability.

As part of our ongoing commitment to reducing paper usage, we use an electronic ordering system. This digital process captures and stores all order data, providing valuable visibility into trends such as wire gauge, color, and pre-cut lengths.

## Wiring Process Improvements

In 2024, we streamlined a key wiring process by consolidating tasks related to a major wiring component—Control Boards—across all product lines. These boards are now built, wired, and quality-verified in a single dedicated area. This centralization allows us to better manage wire inventory, reduce duplicate orders, and consolidate material needs across the organization.

Control Boards account for approximately 67% of all pre-cut wire and 40% of all spool wire ordered. By bringing their sub-assembly into one location, we've created a significant opportunity to reduce wiring waste and improve overall material efficiency.





## BASX Products

**BASX is an industry leader in the manufacturing of high-efficiency data center cooling solutions, cleanroom systems, custom HVAC systems, and modular solutions.**

These products are highly engineered and customized, fully complementing AAON's existing business.



## **BASX branded products are highly customized to meet the expectations of even the most discerning customers.**

BASX data center cooling solutions focus on providing highly configurable, purpose-built equipment with energy efficiency, speed of deployment, and quality. High-performance air-cooled chiller solutions include indirect airside economization and optional adiabatic assisted cooling, designed to integrate with high-performance computing systems direct-to-chip cooling.

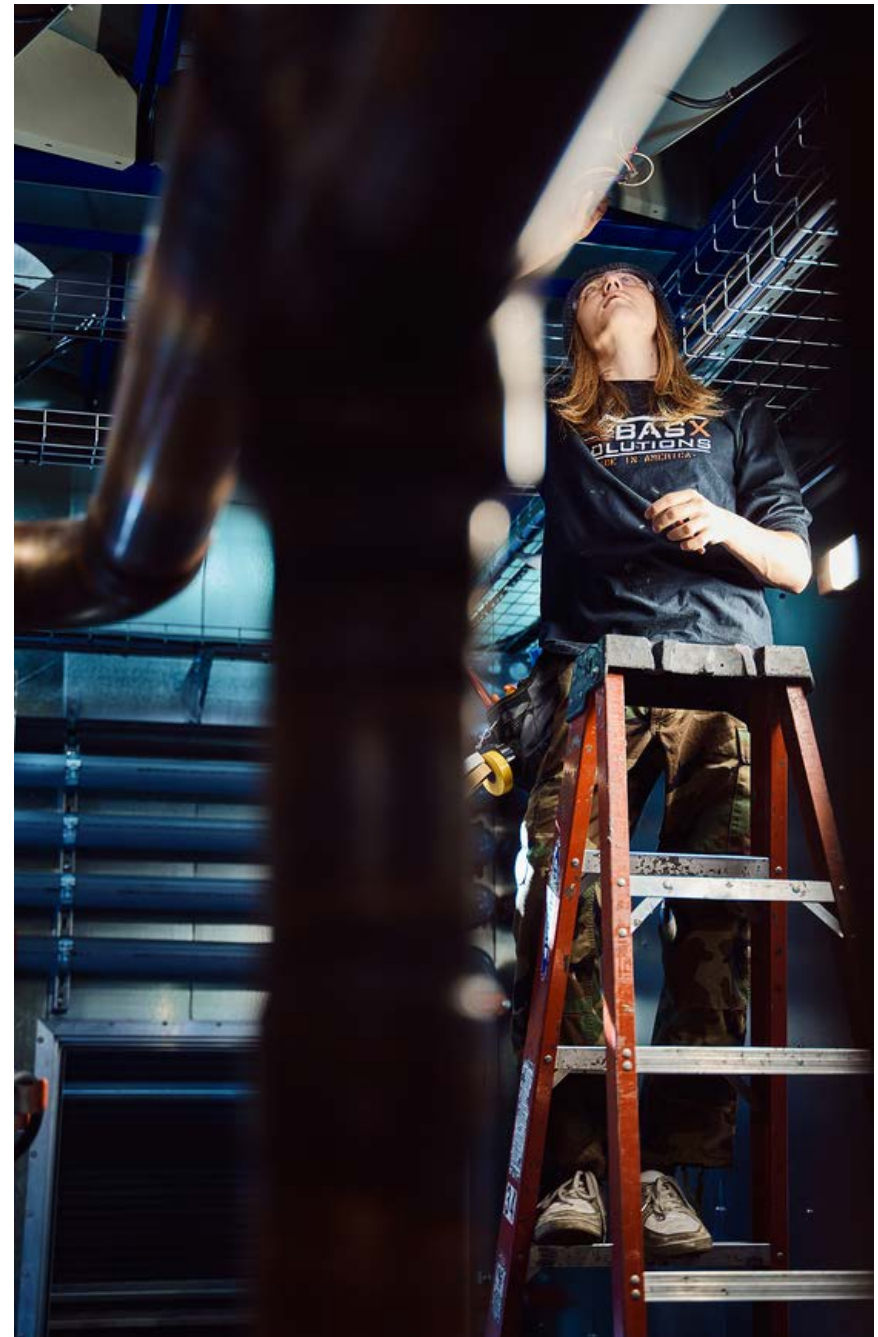
White space process cooling solutions include fan coil walls, Computer Room Air Handling (CRAH) units, overhead fan coils, in-row coolers, and chilled water air handlers.

Packaged solutions include coupled economizing chillers with integrated air handling units, direct evaporative coolers, and packaged Direct Expansion (DX) solutions with airside economizers.

The reputation of BASX as a technology leader is directly tied to R&D and product testing. BASX operates a laboratory facility with a wide range of testing capabilities to meet customers' needs.

BASX cleanroom products are designed to provide environmental control, serving critical processes, and offering high-fidelity control for precise industry requirements. Process cooling solutions include recirculation air handling units and make-up air handling units, including the integration of piping systems and controls. Environmental control solutions encompass modular cleanroom environments, fan filter units, filtered ceiling grids with integral flush-mount lighting, pressurized plenums with integral ceiling grids, and hospital surgical suites.

BASX custom air handling products are primarily used in commercial, industrial, healthcare, and institutional facilities employing chilled water cooling, packaged DX solutions, hot water, indirect gas, direct heat, humidification, dehumidification, filtration, and integrated controls. BASX manufactures plenum fans for integration into air handling units and replacement applications. BASX also offers integrated sound performance solutions.



## PRODUCT LINES

We'll identify your needs and innovate the approach, application, and methods to better create a custom engineered solution to your requirements that outperforms conventional systems. BASX draws on the knowledge base from an experienced team from every sector of industry, whether your needs cover Commercial HVAC, Data Center, Cleanroom or Seismic needs, each BASX product stands alone against the industry standard.

### Thermal Management

BASX provides complete product offerings specifically configured for high efficiency operations.

- Adiabatically Assisted Free Cooling Chiller
- CRAC/CRAH Units
- Evaporative Free Cooling Chiller
- Free Cooling Fluid Cooler
- IN-Row Cooler
- Indirect, Water Free Data Center Cooling
- JWF Water Free Cooling
- Overhead Cooling Units
- Overhead Fan Coil Coolers
- Custom HVAC units



Fan Coil Wall



Free Cooling Fluid Cooler





Air Handling Unit



Air Handling Unit

## Integrated Modular

BASX draws on a knowledge base from an experienced team to create a stand-alone product that outperforms conventional systems.

- Agricultural Environments
- Data Center Solutions
- Deployable Containerized Systems
- Modular Central Plants
- Cleanroom Plenum Systems
- Cleanroom Solutions
- Plenum Modules
- Pump Skids
- Modular Surgical Suites

## Cleanroom Solutions

BASX offers a wide range of custom designed solutions to meet your cleanroom environment specifications, from Grade A and B to Class 1 to 100,000.

- Modular Cleanrooms
- Grid Systems
- Plenum Systems
- Ceiling Systems
- Air Handling Units
- Medical Applications

# Product Safety and Serviceability

AAON and BASX products are held to the highest standards to comply with all regulations in Electrical, Commercial Gas, and Direct Gas-fired Air Heaters as including the performance standards as identified by ASHRAE 90.1.

Individual sites may be compliant or accredited with additional quality standards in relation to their scope of work. Additional accreditations and compliance statements will be defined in site-level quality documentation. If any inconsistency exists between these standards and specific customer contractual requirements, the latter will prevail.

## ELECTRICAL SAFETY

**UL 1995/CSA 22.2 (future UL 60335-2-40)** — This standard covers all safety requirements for the construction and operation of our products. It includes the requirements for the end-of-line tests, which verify the electrical, and refrigeration systems. The manufacturing inspection metrics for AAON Coil Products from the tests performed in this standard. This does not include inspection requirements of the full unit construction or components beyond the certification test for a product. The major standards referenced are:

- UL 508A
- UL 60730-1
- NFPA 70 (NEC)
- NFPA 90
- ASHRAE 15



## COMMERCIAL GAS FURNACES

**ANSI Z21.47/CSA 2.3** — This standard covers all safety and combustion efficiency requirements for heat exchangers and how they are applied in our products. It includes normative requirements to test and verify the performance of heat exchangers. The major standards referenced are:

- CSA 149.1
- NFPA 54
- NFPA 70

## DIRECT GAS-FIRED AIR HEATERS

**ANSI Z83.18/CSA 2.6** — This standard is similar in scope to ANSI Z21.47, but applies to AAON's recirculating and non-recirculating direct-fire products. The major standards referenced are:

- NFPA 54
- NFPA 70

## ASHRAE 90.1

The following are the performance standards used to show AAON's compliance with ASHRAE 90.1 for manufactured equipment efficiency (EER, IEER, HSPF, SEER, etc.):

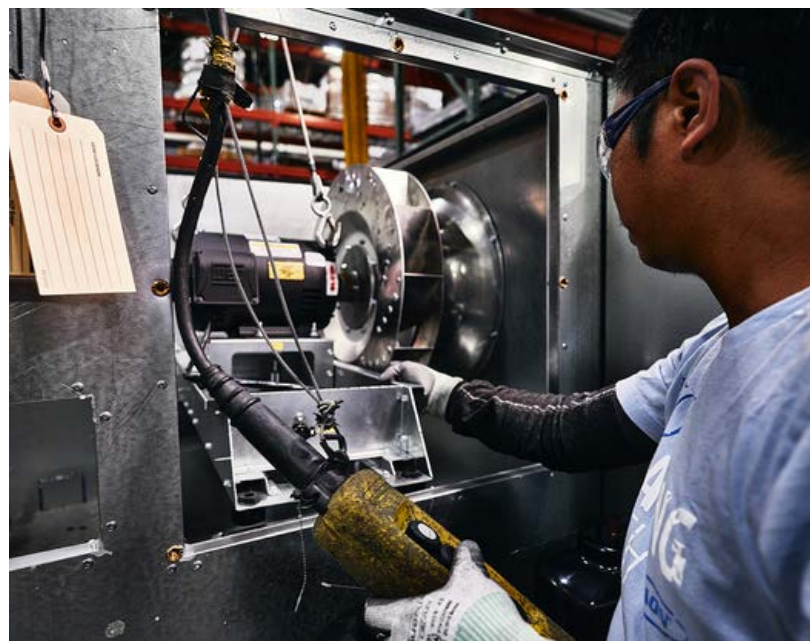
- AHRI 210/240
- AHRI 340/360
- ASHRAE/ANSI/AHRI/ISO 13256-1
- AHRI 550
- ASHRAE 103 (Only applies for the V3)

## SERVICEABILITY

AAON and AAON factory-trained service partners provide state-of-the-art local factory service to address all mechanical service needs.

AAON equipment is designed with service technicians in mind and is known for its easy startup process, commission, and service. Our award-winning cabinet designs and unique features make AAON equipment easy to access and convenient to service efficiently and affordably.

AAON HVAC units are tested for all functions and receive a unit-specific report before they leave the factory.





# Sales and Marketing

Our sales force consists of sales representatives and managers of independent representative firms across North America and Canada. To bolster this team, we offer a variety of training programs and incentives, including new representative training, Masters of HVAC, and several courses through the AAON Technical Academy for the education of their supporting field technicians.

These sales representatives can engage with Regional Sales Managers and request visits to the AAON factories, the NAIC Lab, and The Exploration Center. They can also have an engaging experience in our Mobile Experience, which allows for product comparison, component selection, and the opportunity to engage with and experience HVAC equipment designed the AAON way.





## INDEPENDENT SALES REPRESENTATIVES

Our independent sales representatives are held to the same high standards as all members of our team. Each representative firm collaborates with us to develop an annual financial plan and sales quota, informed by market trends, competitive dynamics, and other key factors. These firms then assign individual quotas to their salespeople based on this strategic outlook.

Our representatives bring strong technical selling skills and typically carry full HVAC line cards, along with complementary products. They are supported by our internal team, which includes robust aftermarket services such as service technicians and parts stores, enabling them to deliver complete, end-to-end solutions.

A core driver of our sustainable sales success is the ability to clearly convey our value propositions, especially to building owners. Our premium product offering delivers a

superior total lifecycle cost of ownership. Among all customer types—owners, developers, property managers, consulting engineers, contractors, and others—the owner benefits the most from this value. When representatives involve owners in the buying decision, the results are significantly more successful. These owners often become repeat buyers, reinforcing the long-term sustainability of our sales program.

AAON continues to invest in our sales channels through comprehensive training and support. New Sales Representative Training and the Masters of HVAC courses equip our team to become trusted solution providers. Additionally, our Exploration Center offers resources for both the sales force and their customers.

## THE EXPLORATION CENTER

The state-of-the-art, customer-driven center offers a behind-the-scenes look at every stage of our manufacturing process.

Visitors can experience AAON through interactive exhibits that allow them to see, test, and explore HVAC systems in a unique way. Compare AAON equipment side-by-side with competitor equipment.

The Exploration Center's crowning feature is a stunning "exploded" AAON unit suspended above the lobby entrance. Designed in collaboration with Ekko Mobiles of Portland, Oregon, this installation features real AAON components arranged in an artful view, offering a unique glimpse into the engineering excellence behind every system.

This facility also serves as our primary hub for hosting events that empower our representatives through comprehensive training, valuable networking opportunities, and well-deserved recognition. These gatherings foster a strong sense of community, deepen product expertise, and prepare our reps to thrive in the field.







## THE MOBILE EXPERIENCE

In 2024, the Mobile Experience welcomed more than 8,000 guests, traveling to more than 87 locations across 24 states in North America.

From energy-efficient systems to sustainable technologies, our mobile exhibits highlight the evolution of AAON excellence and pioneering products. Visitors see the latest innovations from AAON through interactive product exhibits, featuring our advanced control systems, and immerse in the world of HVAC technology.

[MOBILE EXPERIENCE WEBPAGE](#)



## AAON SALES SOFTWARE

Our AAON product selection sales software is the exact tool to quickly and precisely match customer needs. Designed to logically determine the most energy efficient and cost effective unit for the specific application, the AAON software provides not only a complete variety of component options but also HVAC system calculators, a comprehensive system analysis program, and instant drawing and submittal creation.

These features are designed to enhance the sales representatives' experience and provide them with the tools needed to deliver the best possible AAON solution to our customers.

In 2024, AAON enhanced its industry-leading unit design software, ECat 6. The latest version provides a modern interface and a standardized input system across all unit types. The upgrades improved processes and added innovative design features. AAON's strategic plan prioritizes technology systems upgrades for enhanced data intelligence and user experience customer criteria.

# Sales Representative Training

**Our sales representatives are trained to effectively apply AAON's innovative engineering and testing capabilities, pushing the boundaries of what is possible for exceptional performance in virtually any climate and application.**

These essential skills enable them to serve you in a way that fosters long-term business relationships, by understanding how AAON's products can help you address your HVAC challenges.

Quality is a critical component of any success. AAON provides all sales representatives with a policy manual, an important quality component, where clear standards are provided and all stakeholders are held accountable. All sales representatives receive our 'Service Quality Standards' and must attend regional meetings covering topic discussions that incorporate service quality.







## 2024 SALES TRAINING

### New Sales Representative Training

**143 attendees completed 37 hours per student = 5,291 hours**

All AAON sales representatives are held to the same Quality Management System (QMS) duty, identifying quality matters, communicating any findings, and achieving prompt quality resolutions.

Our independent representatives diligently work to support our customers and earn business with our products. Each firm is required to support customer-facing engagements for the products we manufacture and that they promote and sell. They maintain direct relationships with our mutual customers. At times, AAON engages directly with customers alongside our representative firms.

AAON maintains close relations with each representative firm supporting their customer-facing activities for equipment, parts, and service. Firms that provide these three elements are vital to AAON's external QMS.

## AAON MASTERS OF HVAC

**Masters of HVAC = 64 Attendees completed the six month program**

The AAON Masters of HVAC training program is widely regarded as one of the most advanced HVAC training programs today, building a solid foundation for top-performing sales representatives. Since 2017, AAON has collaborated with industry expert, Becker Learning, to develop this custom-tailored program. The focus is on empowering sales representatives to achieve a high level of proficiency in operating, optimizing, and selling HVAC equipment. Through the Masters of HVAC program, they gain a comprehensive technical understanding of airside systems, refrigeration, equipment, energy efficiency design, and overall system integration.

# AAON Technical Academy

## Training Today's Technicians for Tomorrow's Challenges

The AAON Technical Academy is the premier training program for educating service technicians on AAON & BASX HVAC equipment, controls, applications, and more.



The AAON Technical Academy offers courses specifically geared toward real-world situations that technicians may experience when installing, servicing and maintaining AAON and BASX equipment. Technicians can work on a variety of equipment in a controlled environment, including simulators, to test their ability to think and adapt through the troubleshooting process.

Training facilities are located at AAON manufacturing facilities, giving students access to the latest equipment, engineering resources, and training center. Technicians leave confident, knowledgeable and experienced on AAON and BASX equipment.

## COURSES OFFERED

- **Package Unit Startup**

RQ/RN Units Through C Box

- **Split System Startup**

CB/CF Condensing Units

M2/H3/V3 AHU's

- **Controls 1**

VCCX Controller

ModGas-X & ModGas-XWR Modules

MHGRV-X (Hot Gas Reheat) Module

PreHeat-X Module

RSMx Modules for C box and smaller

- **Controls 2** Continuation of the Controls 1 class.

VCCX Controller for C box and larger

ModGas-XWR Modules

RSMx Modules for C box and larger

- **Xtend Upgrade Class**

AAON Legacy Controllers to VCCX2 upgrade

ModGas-X

MHGRV-X (Hot Gas Reheat) Module

RSMD (Refrigerant System Module for Digital,  
On/Off, 2-Step Compressors

- **VAV & Systems Class**

System Integration with the AAON line VCCX-2

MiniLink PD

VAV/Zone Controllers

GPC-XP

BACnet for VCCX-2 and VAV/Zone Controllers

**AAON TRAINING WEBPAGE**



## WARRANTY AND TECH SUPPORT

AAON Warranty and Tech Support teams work daily to support external representative firms, service companies, and owners to resolve quality issues or equipment repairs. Information gathered is automatically shared with AAON's Quality Department and training managers. We are committed to serving customers with an experience that exceeds their expectations.

### PRODUCT WARRANTY POLICY

- The earlier of one year from the date of first use or 18 months from date of shipment for parts only, including controls
- 18 months for data center cooling solutions and cleanroom systems
- 5 years for compressors (if applicable)
- 15 years on aluminized steel gas-fired heat exchangers (if applicable)
- 25 years on stainless steel heat exchangers (if applicable)
- 10 years on gas-fired heat exchangers in our historical RL products (if applicable)

Our warranty policy for the RQ series covers parts for two years from date of unit shipment. Our warranty policy for the WH and WV Series geothermal/water-source heat pumps cover parts for five years from the date of installation.

AAON also sells extended warranties on parts for various lengths of time ranging from six months to ten years. Revenue for these separately priced warranties is deferred and recognized on a straight-line basis over the separately priced warranty period.





# AAON Quality Management System

The Quality Management System (QMS) defines the standards, responsibilities, and expectations for the Quality Department to ensure consistent and effective support for quality related activities. Our senior leadership is dedicated to the effectiveness of the QMS through clear communication with customers, compliance with regulatory requirements, and a strong commitment to stakeholders. This is demonstrated by ensuring the availability of essential resources—such as skilled personnel, organizational infrastructure, technology, and financial support—to establish, implement, maintain, and continually improve the QMS. AAON fosters a quality culture that enhances the reputation of our enterprise, enables us to make data driven decisions, and allows for continued growth.

AAON's Quality Manual represents our corporate commitment to quality and continuous improvement across all locations and products. As we expand through new product offerings and corporate acquisitions, these will be seamlessly integrated to ensure consistency and uphold our standards.

## OPERATIONAL EFFICIENCY

Our Engineering, Supply Chain, Production, and customer care departments work closely with Quality to provide complete and accurate information. The teams use a combination of scheduled reporting and real time data to drive improvements. They collaborate to ensure timely access to materials, data, and personnel for inspections and investigations. All departments follow established quality procedures and guidelines.



## QUALITY ASSURANCE

Any product that does not conform to product requirements is identified and controlled to prevent its unintended use or delivery. A non-conforming product is defined as any completed product, sub-assembly, or individual part that does not meet intended specifications.

Product audits, manufacturing process auditing, or similar inspections gives the Quality Department and leadership real time feedback on potential issues. The Quality Assurance team reviews the results of these audits for quality improvement purposes. Findings are shared across departments and the information is used to drive improvements, focus resources, and track performance.

## CUSTOMER FOCUS

AAON is committed to meeting documented and accepted customer requirements, contractual obligations, and expectations to enhance customer satisfaction. This is achieved through proactive customer communication, continuous monitoring and improvement of internal and external performance metrics, thorough data analysis, and the implementation of corrective actions. We develop and support processes that ensure we meet customer expectations by working across departments and partnering with our Sales and Engineering teams. This collaboration ensures the voice of the customer is heard, through feedback gathered during site visits, regional sales meetings, real-time warranty tracking, and open dialogue with our Rep Council and Regional Sales Managers.



# Customer Relationship Management

AAON's Project Connect introduced the new AAON Sales Hub powered by Microsoft Dynamics 365. The transition to the new system is an integral part to our continued success and necessary to connect all sales-related data in a single platform. This allows our customer service to provide timely responses and better support to customers and business partners.

## Change Impacts:

- Single-source for all sales-related data
- Visibility of the representative organization structures, territories, contacts, and national accounts
- Building on the foundation of enhanced customer service experience for improved consistency and speed of resolution
- AAON's commitment to business growth, accuracy of information, and integrated business practices
- Workflow capabilities to ensure smoother process flow between departments

## REPRESENTATIVE COUNCIL

AAON ensures its senior leadership and other key organizational stakeholders have access to the feedback and input provided by customers, sales representatives, regional managers, and service technicians. This information is gathered from various sources, including regional meetings, representative principal meetings, and data relayed through customer service, regional managers, or warranty.

AAON maintains a Representative Council within each sales territory. The Representative Council and company senior leadership convene in an open forum to discuss issues and requirements from each territory. Members of the Representative Council act as the voice of the customer, providing pertinent feedback from all company representatives, used to gauge customer satisfaction.



# Environmental Responsibility

## ENVIRONMENTAL PERFORMANCE

AAON continually strives to improve our environmental and social impact. Our pursuit of sustainability strives to preserve essential resources for future generations.

We pursue energy efficiency and conservation by decarbonizing our operations and diversifying our energy portfolio through conserving and reduce water consumption, responsible management of our waste, and reducing our greenhouse gas (GHG) emissions through operational efficiencies and project investments.

We recognize that climate change is a significant challenge, affecting every aspect of our lives, and requires action from governments, businesses, and individuals. Adapting to climate change requires investing in infrastructure and sustainable resource management to safeguard natural ecosystems. These efforts not only ensure the well-being of future generations but also foster innovation, stimulate job creation, and drive economic growth.





## SUSTAINABILITY MANAGEMENT STRUCTURE

Sustainability at AAON is managed by the Corporate Citizenship department in collaboration with a cross-functional group of leaders on the Environmental, Social, and Governance Committee and an employee engagement committee on sustainability to contribute and produce key themes to address within the Company. The Corporate Citizenship team reports to the Executive Director of Organization Development and Impact and periodic updates are provided to the Board of Directors for their oversight.




AAON's approach to overall to sustainability includes:

Operational Efficiency and Investments	Research and Development Lead to Industry Innovation	Identifying Risks to Business and Industry	Industry Collaboration and Leadership	Commitment to Sustaining Communities and Natural Resources
AAON recognizes that investments in its facilities, employees, and governance in a clean, safe, and environmentally conscious manner are critical to long-term sustainability.	Our R&D leads the charge in energy-efficient innovations to meet increasing decarbonization demands and to help AAON customers be more sustainable.	AAON proactively works with internal and external stakeholders to identify and address risks that could affect our business and industry, including disclosing ESG performance and practices.	AAON emphasizes the importance of shared knowledge, resources, and solutions to industry towards best practices and collective action from all stakeholders to positively impact climate change.	AAON commits to protecting natural ecosystems through partnerships and investments in sustainability projects surrounding its local locations and worldwide.

As AAON grows at a rapid pace, managing and improving our overall manufacturing operations for long-term sustainability is critical to our core business. For AAON and the HVAC industry, the most impactful factor on people and society is the HVAC equipment we manufacture.



## ENVIRONMENTAL RESPONSIBILITY TARGETS

 <p><b>TARGET</b> 80% of total equipment sales will be non-fossil fuel consuming units by 2030</p>	<p><b>APPROACH</b> To address greenhouse gas emission reductions through our product designs, AAON is committed to increasing the production of air, water, and electric-powered units, and growing this sector of the business.</p> <ul style="list-style-type: none"> <li>In 2024, 57% of units produced and 53% of sales were non-fossil fuel-consuming units.</li> <li>In 2023, 54% of units produced and 51% of sales were non-fossil fuel-consuming units.</li> </ul>
 <p><b>TARGET</b> Reduce GHG emissions by 10% by 2025</p>	<p><b>APPROACH</b> Recognizing that climate change is a global crisis, AAON is committed to reducing GHG emissions through operational efficiencies and investments in projects that reduce carbon emissions.</p> <ul style="list-style-type: none"> <li>In 2024, we saw a 7.8% decrease in emissions from legacy buildings included in the baseline measure. When including new facilities in our emissions totals, we saw a 33.9 percent increase over the 2020 baseline measure.</li> <li>In 2023, we saw a 6.43% increase in emissions over 2022 and a 4.78% increase over the baseline year of 2020.</li> </ul>
 <p><b>TARGET</b> Increase paint material recycling rate by 10% by 2025</p>	<p><b>APPROACH</b> AAON understands the need to be good stewards in material management, especially with items considered paint waste. The primary waste in AAON's manufacturing processes is paint and acetone byproducts. A partner organization that reclaims and recycles these waste products has been identified. 2020 serves as the baseline for this metric.</p> <ul style="list-style-type: none"> <li>In 2024, we recycled 80 tons of paint byproducts, an 11% increase over the 72 ton baseline measure, and 92% of total paint waste.</li> <li>In 2023, we recycled 52 tons of paint byproducts achieving 90% recycling of total paint waste.</li> </ul>

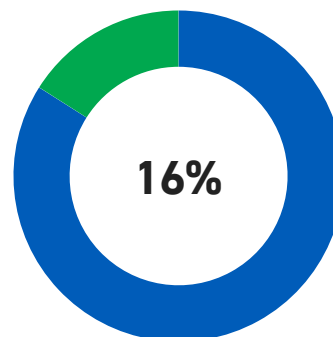
# Climate Change

Climate Change is a challenge for governments, corporations, and society in general. The United Nations has a goal of less than 1.5° C global warming. In the past 20 years the world has changed the course from 3.5°C to 2.4–2.8°C.

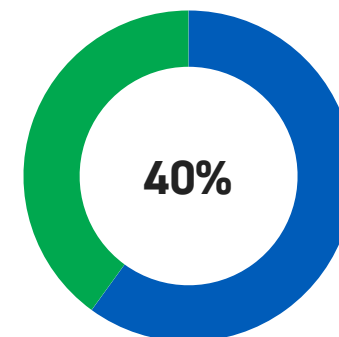
The U.S. Department of Energy (DOE) estimates that HVAC energy use is around 40% of the total energy use of commercial buildings. Therefore, HVAC equipment such as AAON manufacturers can have a significant effect on the environment.

In HVAC engineering, decarbonization is increasingly associated with electrification. Electrification involves utilizing solely electrical energy sources for the mechanical heating and cooling of buildings. The rationale behind this shift lies in the fact that major “green” renewable energy sources, such as solar photovoltaic, wind power generation, and hydroelectric power generation (dams), primarily produce electrical energy. This transition toward electrification plays a crucial role in reducing GHG emissions and promoting sustainability.

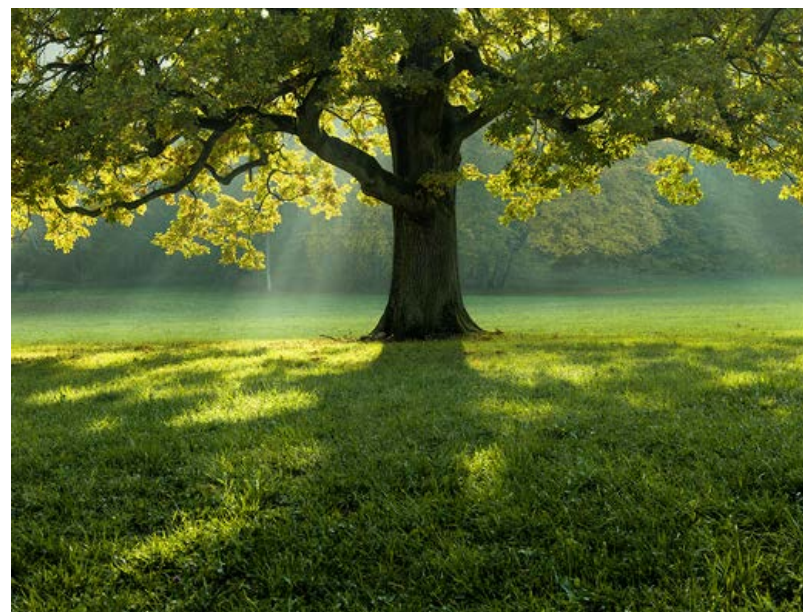
AAON announced its partnership with the DOE on the Better Buildings Commercial Building Heat Pump Accelerator. Running from 2024 through 2027, the Accelerator will collaborate with industry stakeholders to expedite the development and adoption of cold climate commercial heat pump rooftop units (RTUs) to achieve integrated energy efficiency and electrification of buildings. AAON is poised to lead the charge with its groundbreaking line of high-performance air-source heat pumps, Alpha Class. Many of our products far exceed DOE minimum efficiency standards and are among the highest efficiency products currently available in the market.



Non-residential buildings utilize approximately 16% of the energy consumed in the United States.



From that, 40% is associated with heating, ventilation, and air-conditioning.



AAON's cooling-only systems are entirely electric. However, when it comes to heating, traditional methods involving natural gas or propane have been prevalent. The most efficient electric heating alternative is the use of a heat pump.

In a typical HVAC system operation, warm indoor air passes through the evaporator coil, creating cold air that cools the building. Remarkably, this process uses electrical energy to “pump” heat from the indoor air to the outdoor air through the condenser. The total electrical energy consumed is less than the combined heating and cooling energy transferred from indoors to outdoors. Additionally, this cycle removes some of the humidity from the indoor air.

The coefficient of performance (COP) for a heat pump exceeds 1, which indicates that less electricity is needed to create a given amount of heat compared to an electric heater which has a COP of 1. This forward-thinking approach plays a crucial role in creating more sustainable and energy-efficient HVAC systems.



In the context of a heat pump heating system, AAON strategically incorporates reversing valves into the piping to reverse the flow. This configuration transforms the indoor coil into the condenser and the outdoor coil into the evaporator.

A dilemma is the frigid outdoor air holds only a modest amount of heat energy. Therefore, to the desired indoor warmth, the system inadvertently cools a substantial volume of outdoor air. Despite this challenge, the heat pump system continues to be the most efficient solution, ensuring indoor comfort.

Our AAON Alpha Class product line is leading the charge towards sustainable HVAC solutions, with more efficient technology that propels the decarbonization movement forward. With its first-of-its-kind omni-climate performance, the AAON Alpha Class offers the innovation that our future demands. AAON's Delta Class is another product line with decades of market leadership in Dedicated Outdoor Air Systems (DOAS), with units offering ISMRE2 ratings up to 9.6 and ISCOP2 for heat pump operation as high as 6.0.

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## Air Quality Products

The American Society of Heating, Refrigeration and Air-Conditioning Engineers ("ASHRAE"), a professional association with a goal of advancing HVAC systems designs and construction, established an Epidemic Task Force in 2020 and determined several recommendations to mitigate the spread of the virus, including humidity control, air filtration, increased outdoor air ventilation, and air disinfection.

**Humidity Control** — We continue to lead the market in developing energy efficient humidity control with the use of variable capacity compressors and modulating hot gas reheat. Designing HVAC systems with superior humidity control allows building management to maintain ASHRAE's recommended ambient relative humidity levels of 40%–60%, the ideal level to inactivate viruses in the air and on surfaces.

**Air Filtration** — We standardized a design that uses a backward curved fan wheel, which can accommodate higher airflow and static pressure required for the ASHRAE recommended by Minimum Efficiency Reporting Values MERV 13 filtration, the minimum filter level for virus mitigation, with little reconfiguration. Before 2020, most commercial buildings used filtration levels of MERV 4 to MERV 8, which has always been acceptable for filtering out typical particulates in the air stream.

**Outdoor Air Ventilation** — Our innovative use of energy recovery wheels and energy recovery plates combined with superior humidity control design can help building management follow outdoor ventilation air recommendations. AAON's Delta Class products provide industry leading cooling, dehumidification, and heating options for high percentage outdoor air applications to promote better indoor air quality while minimizing energy consumption.

On May 1, 2024, the DOE began regulating the efficiency of dedicated outdoor air units separately from other comfort cooling systems. AHRI will begin certifying the performance of DX-DOAS equipment in 2025.

**Air Disinfection** — Our basic design characteristics allow for the easy installation of ultraviolet lighting equipment. In addition to this equipment offered as options in new units sold, our basic design characteristics allow for easy installation in units already used in the field.

AAON is well positioned to accommodate the heightened demand for features that can help mitigate virus transmission and improve indoor air quality. The features that ASHRAE recommends require premium designs and configurations that are standard in our units. As a result, we can incorporate air quality features into our units at a minimal price premium and with no delivery delay.



# AAON Product Solutions

AAON manufactures some of the highest-performing, most energy-efficient equipment in the commercial HVAC industry. Many AAON HVAC units feature unique designs, incorporating two-stage variable capacity or variable-speed compressors, high-efficiency evaporators, condenser coils, and variable-speed fans.

**This has resulted in AHRI Certified performance ratings of up to 20.3 SEER and 22.5 IEER, far surpassing the industry ASHRAE 90.1 minimum requirements of 12–14 SEER/IEER.**

The AHRI standards for SEER and IEER serve as crucial metrics for evaluating the energy efficiency of HVAC equipment. These standards assist consumers and businesses in making informed choices to reduce energy consumption and operating costs while minimizing their environmental impact.

AAON has made the strategic decision to transition to the lower global warming potential R-454B refrigerant starting in the final quarter of 2024. This commitment aligns with our ongoing efforts to develop and manufacture non-fossil fuel-consuming units, offering the most sustainable commercial HVAC equipment available in the market.





## **AAON's Alpha Class omni-climate air-source heat pump is a critical solution that meets the increasing demand for building decarbonization in cold climates.**

Through the optimization of variable-speed compressors, variable-speed outdoor fans, and advanced AAON controls, the omni-climate air-source heat pump extends compressed heat pump heating applications into a wide range of climate zones, down to -20°F. This advanced capability now opens a significant portion of the North American market to heat pump technology. In recent past, this technology was only operable down to approximately 30°F.

AAON has eliminated the usage of R134a in the foaming process and transitioned to a non-fluorinated, non-ozone-depleting alternative with a global warming potential of 0. The Company has also switched to lower Volatile Organic Compounds (VOC) paint for all units and products. AAON maintains an ongoing focus on reducing its operational carbon footprint through energy efficiency and GHG reduction projects.



# Refrigerant Transition

The demand for more sustainable solutions is growing, and AAON is leading the way. Committed to reducing environmental impact, we are driving innovation to create a cleaner and more sustainable future.

As part of this commitment, AAON has chosen R-454B, a lower Global Warming Potential (GWP) refrigerant, as the replacement for R-410A in our products. After extensive testing and evaluation, R-454B was selected for its superior performance, environmental benefits, and alignment with regulatory standards—ensuring that our products remain efficient while contributing to a greener future.

AAON's previous commitment has set the standard of transitioning our full product line to the lower GWP refrigerant by the end of 2024.

The EPA Transition Rule plays a vital role in the phasedown of hydrofluorocarbons (HFCs) in HVAC systems and related products. Established under the American Innovation and Manufacturing (AIM) Act and implemented by the EPA, this regulation marks a significant step toward reducing HFC usage and its environmental impact.

The rule specifically addresses concerns related to refrigeration and cooling systems by setting clear guidelines on compliance. Key provisions distinguish between “products” and “systems,” outlining which components fall under the regulation and establishing deadlines for adherence.

Compliance extends to all individuals and entities involved in assembling, contracting, owning, or operating HVAC systems. Notably, for split systems, responsibility for meeting regulatory requirements falls on the field entity rather than the manufacturer, ensuring that proper standards are maintained throughout installation and operation.



**Canadian Impact** — Canadian HVAC professionals face unique challenges, including the potential allowance of commercial A2L products and updates to building codes. Staying engaged with local code officials is essential for effectively managing these changes.

As we navigate this refrigeration transition, aligning products with designated GWP limits within specified time limits is crucial. Ensuring compliance with the EPA's regulations is the key to maintaining smooth business operations in this industry.

## Energy

**AAON is committed to further investing in decarbonizing our operations and diversifying our energy portfolio to optimize energy efficiency and conservation.**







## OPERATIONS

### The Exploration Center — A Net-Zero Building

AAON is setting new standards in sustainability with this energy-efficient, net-zero facility, connected to the NAIC. The Exploration Center has a neutral emissions profile by utilizing our own geothermal HVAC system, enhanced building envelope insulation, and LED lighting and controls, making it one of the most sustainable and energy-efficient structures in Oklahoma. Excess energy is stored and used by the NAIC, contributing to reduced energy consumption.

Designed with cutting-edge sustainability features, the center incorporates geothermal wells with over nine miles of piping to support heating and cooling needs. High-efficiency LED lighting illuminates the facility, while AAON's advanced heat pumps provide zero-emission climate control.

The Exploration Center is actively monitored to track energy consumption and generation, ensuring optimal efficiency. The building's highly reflective roof coating helps maintain lower temperatures and extends the roof's lifespan. The solar panel installation on the building generated 325 MWh of renewable energy for the Company in 2024.

## FACILITY IMPROVEMENTS

### LED Lighting

Energy efficiency and conservation, our Tulsa, Oklahoma and Longview, Texas facilities have transitioned to nearly 100% LED lighting in our facilities leading to considerable cost savings and reduced energy consumption.

Our Redmond, Oregon facilities are installing LED lights into any new fixtures in their current facility and working towards retrofitting old fixtures to LED.

### Energy Programs

We participate in an energy demand response program through the public utility provider to reduce demand during peak hours.

### Production Updates

Energy efficiency has been a priority not only in product development, but also in overall capital investments which include the acquisition of new, energy-efficient equipment for the production floor, new high-speed overhead facility doors, the installation of new HVAC equipment, building control systems, the application of heat and light reflective material to production facilities, along with other behavioral-based energy efficiency changes.

## RENEWABLES

We maintain that approximately 36% of our total energy consumption is currently derived from renewable sources.

- Scope 1\* and Scope 2\* emissions are being tracked by the Workiva Carbon Accounting platform. We have begun capturing Scope 3 emissions.
- We have further increased the percentage of renewable energy at our Tulsa and Redmond facilities and continue to explore options at other facilities. The solar panel installation on our Tulsa facility generated 325 MWh of renewable energy in 2024.

- We have opted into a program to purchase additional renewable energy through our current utility provider.

In addition to our commitment to product design and operations, we invest in and partner with organizations and conservation efforts that enhance the resilience of communities in addressing the physical and transitional impacts associated with climate change. AAON purchased 2,500 carbon offsets in 2024.

Scope 1\* emissions are direct GHG emissions that occur from sources controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, and vehicles).

Scope 2\* emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Although Scope 2\* emissions physically occur at the facility where they are generated, they are accounted for in an organization's GHG inventory because they are a result of the organization's energy use.

## GREEN POWER PARTNERSHIP

AAON participates in the U.S. EPA's Green Power Partnership, a free, voluntary program that aids and recognizes organizations that demonstrate environmental leadership by choosing to use green power. We have met the Partnership's minimum green power use requirements based on the green power and electricity at our facilities.





# Water

We acknowledge that water is a vital resource for our planet and our operations. We closely monitor water usage at all our facilities and are committed to conserving and reducing consumption whenever feasible. Our water usage is tracked monthly through the THG and Workiva platforms.

**Reducing our water consumption decreases the potential for business disruption and helps to conserve scarce resources.**





# Waste

**Our efforts are centered on minimizing waste through reduction, reuse, recycling and the integration of more sustainable materials into our operations.**



## REDUCE

AAON has a committee focused on metal scrap waste and inefficiencies in the manufacturing processes. This group has reduced sheet metal scrap significantly through training and changes to the programming in the sheet metal cutting machinery. We are also continuing our technology upgrades to drastically reducing the amount of paper involved in our business processes.

In an effort to reduce individual use plastic bottles, water bottle refill stations are installed around the facilities and water coolers are available in training and meeting rooms. The refillable water bottle stations recorded over 251,591 sixteen-ounce water bottles potentially diverted from landfills.

## WOOD WASTE

AAON invested in a wood auger at its Tulsa facility to help recycle wood pallets and reduce wood waste. Wood waste includes unused pallets, skids, crates, spools, and other wood manufacturing scraps. This scrap can quickly overtake the facility without proper management and inflate waste-hauling costs. The new machine easily processes all of our wood waste and will continue to meet our needs during our company growth.

- Safety risks are reduced for forklift operators
- Processing speeds are 10x faster — 20 pallets in two minutes
- Reduced need for additional haul-off containers every month
- Helps reduce our carbon footprint by cutting down on container exchanges, eliminates hydraulic oil leaks, and prevents chemicals on wood materials from contaminating the ground

## WASTE OIL ABSORBENTS

AAON is recognized for our corporate environmental initiatives to reduce solid waste in support of ISO 14001 objectives from January 1, 2024, to January 1, 2025. By utilizing the Sorbits System including reusable textiles and managed service programs, AAON eliminated the following solid waste:

- 22,084 lbs of waste oil absorbents - Tulsa, OK
- 16,866 lbs of waste oil absorbents - Longview, TX
- 3,851 lbs of industrial wiping towels - Longview, TX

## REUSE/RECLAIM

AAON is committed to minimizing waste by repurposing and reusing various shipping materials. The packaging used for fan blades is transformed into cardboard collection containers, supporting recycling initiatives and reducing excess waste.

AAON also replaced wood shipping containers with durable, reusable metal containers. This shift not only reduces environmental impact but also improves efficiency in material handling and transportation between facilities.

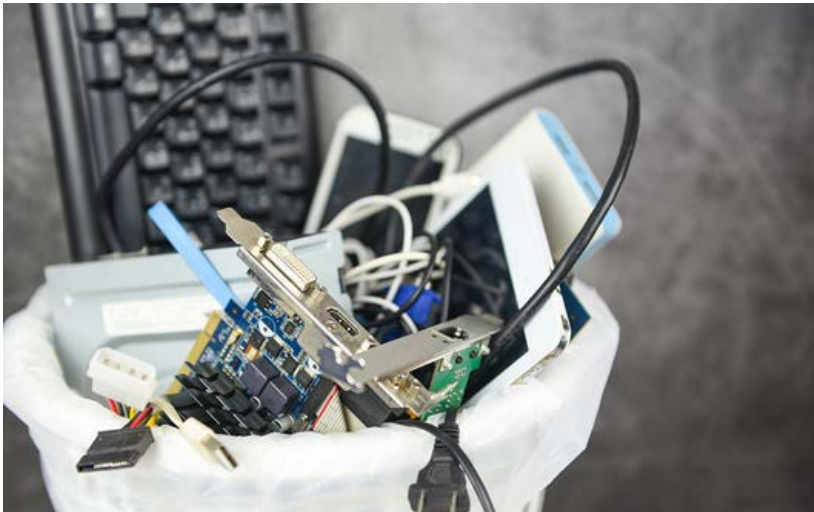


## E-WASTE

The AAON IT Asset Disposal (ITAD) project supports all locations by planning, managing, and disposing of IT assets that are no longer usable (broken or obsolete) in a secure and environmentally-friendly manner. This includes inventory assessment, data management, vendor selection, equipment recycling, process creation and process ownership.

Any item considered to be a capital asset was tracked and reported to accounting, because of the significant cost associated with ITAD. AAON's criteria for vendor selection was based on reducing the disposal cost while improving our carbon footprint.

AAON partnered with an E-waste recycling company to support efforts to recycle, providing future cost-saving reports, data reporting, and a GHG Report saved by recycling. To date, we have removed 100% of the hard drives from machines designated for waste.



## RECLAIMING REFRIGERANTS

AAON has established a process to recover refrigerant from our own production units and reclaim it for reuse in our production lines. We redesigned the program to accelerate the recovery of used refrigerant by removing non-condensable gases, oil, acid, water, and other contaminants. This is achieved by engaging experienced EPA-608 Universal Licensed refrigerant reclaimers to repurpose the used refrigerants. A sample of the cleaned refrigerant is sent to a third-party lab that confirms our refrigerant meets the AHRI 700 refrigerant standards for purity. Upon receiving clean test results, the refrigerant is pumped into our main supply system for use in our production units.

## UNIFIED TOOL CRIB

AAON's Unified Tool Crib streamlines tool management, extending the lifespan of our tools while minimizing waste. With an extensive inventory of more than 500 tools and items, it helps ensure efficiency and reliability across operations. This system efficiently inventories, receives, orders, transfers and issues tools, ensuring that the right equipment is readily available when needed. Each production area also has lockable tool cabinets for secure and convenient storage.

Tool repairs are handled by dedicated tool crib attendants, who facilitate quick exchanges for damaged or worn-out items. Any tools without a manufacturer's warranty and deemed non-repairable are responsibly sorted and placed into recycling bins including:

- Fan balancing tools, test rack gauges and manifolds, and recovery machines
- Air tools and battery-powered tools
- All air hoses, brazing hoses, and electrical cords
- Consumables for robotic welders, LT7 tube laser, welding consumables and Salvagnini machines (laser lens, nozzles, ceramics, etc.)



# Recycle

AAON Tulsa, Longview, and BASX facilities recycled and successfully diverted these materials from landfill waste.

- More than 17,192 tons of metal in 2024
- More than 13,677 tons of metal in 2023

## WASTE TO ENERGY FACILITY

- Over 3,020 tons of waste in 2024
- Over 694 tons of waste in 2023

## RECYCLING

- 2,793 tons of cardboard
- 1,149 tons of wood
- 6 tons of recycled paper

BASX participates in the Bottle Drop program for bottles and cans.

## PAINT WASTE RECYCLING

The Company has identified paint waste recycling partners for paint products at our Tulsa and Longview facilities. AAON operates in accordance with the UL Code refrigerant paint waste.

- 80 tons of waste in 2024
- 52 tons of waste in 2023



# People and Culture

We value the diversity of thoughts, experiences, and perspectives that our team members bring. This diversity drives innovation, enhances productivity and strengthens engagement across our organization. We are dedicated to fostering an inclusive workplace that offers clear and supportive career pathways—from entry-level positions to leadership roles.

Our mentorship program is designed to broaden professional networks and support both personal and career growth. In addition, our leadership development programs empower team members to advance their skills and take on greater responsibilities.

We actively promote collaboration across locations, cultivating a strong sense of unity and teamwork. Team members not only thrive in a positive work environment but can also take great pride in the meaningful contributions they make every day.

## OUR CORE VALUES

### **Demonstrate great moral character.**

SHOW INTEGRITY AND HIGH ETHICAL STANDARDS

### **Give your very best.**

EXHIBIT A STRONG WORK ETHIC AND POSITIVE ATTITUDE

### **Empower team members.**

WORK WITH ONE ANOTHER TO BUILD HIGH PERFORMING TEAMS

### **Innovate and push boundaries.**

EXEMPLIFY OUR "WE CAN" SPIRIT

### **Promote a safe, respectful environment.**

HONOR OUR DIVERSITY WITH INCLUSION, APPRECIATION, AND ATTENTIVENESS



# Human Rights Policy

As a corporate citizen, we have a responsibility to respect and uphold basic human dignity and human rights, including the rights of women and indigenous populations, throughout our operations and supply chain. We do this in adherence to and alignment with:

- UN Guiding Principles on Business and Human Rights (“UNGPs”)
- The Universal Declaration of Human Rights
- Applicable laws and regulations

AAON encourages suppliers, distributors, and other business relationships to uphold these principles and adopt similar policies within their own businesses. Our Code of Business Conduct and Ethics and Contractor Code of Conduct for on-site contractors provides additional guidance for what we expect from our employees and suppliers, distributors and other business relationships, respectively. We will continue to grow existing programs and implement measures in this area.

## Child and Forced Labor

AAON does not tolerate the use of child labor, forced labor, or human trafficking within our operations and supply chain. We prohibit the employment of individuals under the minimum age allowed by applicable law.

## Safety and Health

One of our most important priorities is ensuring that every one of our employees go home safe at the end of each day. AAON is committed to providing a safe and healthy work environment from product design and manufacturing to installation and service. We continuously assess safety training and awareness campaigns, policies and procedures, and safety committees. AAON maintains adherence to applicable laws, regular observations and audits.

## Inclusion and Engagement

AAON values and promotes inclusion and engagement in the workplace, recognizing the importance of embracing individual differences in culture, ethnicity, gender, age and background. By fostering an inclusive environment we attract a wide range of qualified applicants, encourage greater innovation and creativity and strengthen connections with our customers and the community.

Our commitment to inclusion is demonstrated through policies, programs, and procedures to create a workplace where differences are respected and team members are treated fairly. Prioritizing engagement and collaboration, all team members can feel valued and empowered to contribute to our shared success.

## Harassment and Discrimination

AAON is committed to providing a work environment that is welcoming for all employees and applicants. AAON considers harassment in all its forms to be a serious offense. In keeping with this commitment, we have established a strict policy prohibiting unlawful harassment of any kind, including, but not limited to, harassment based on race, color, religion, sex, sexual orientation, gender identification or expression, age, national origin, disability, veteran status, genetic information, or any other legally protected status. Some examples of conduct that might be considered harassment include ethnic slurs, racist jokes, unwelcome touching, display of offensive pictures, or any other verbal or physical conduct that has the purpose or effect of creating an intimidating, hostile, or offensive work environment. This policy also prohibits sending, showing, sharing, or distributing in any form (i.e., e-mail, text, social media), inappropriate or offensive jokes, pictures, comics, stories, etc. AAON considers harassment in all forms to be a serious offense and to violate AAON's EEO policy.



AAON is committed to Equal Employment Opportunity (“EEO”) and to compliance with all federal, state, and local laws that prohibit workplace discrimination and unlawful retaliation. AAON strictly prohibits all discrimination on the basis of race, ancestry, color, age, national origin, ethnicity, protected hair style and texture, religious creed or belief, physical or mental disability, marital or familial status, legally protected medical condition, genetic information, military or veteran status, sex (including pregnancy, childbirth, breastfeeding, or related medical condition), gender (including gender identity and gender expression), sexual orientation, citizenship status, protected activity (such as opposition to or reporting of prohibited discrimination or harassment), expunged juvenile records, or any other status or classification protected by applicable federal, state, and/or local laws. Accordingly, all personnel policies, actions and practices are administered to reflect AAON's commitment to non-discrimination in all areas of employment. Equal opportunity extends to all aspects of the employment relationship, including hiring, job assignment, compensation, benefits, promotion, training, working conditions, discipline and termination.

### **Commitment to a Living Wage**

AAON is committed to providing a living wage and benefits, including comprehensive health and well-being benefits, to remain competitive in our industry, while complying with all applicable wage, work hours, overtime, and benefits laws.

### **Privacy**

We respect the legitimate right to privacy and collect, use, and process personal information of employees, customers, and third parties in accordance with applicable privacy laws. AAON makes every effort to protect employees' privacy rights and interests and prevent inappropriate or unnecessary disclosures of information from any worker's file or record. While complying with its governmental reporting and recordkeeping requirements, we strive to ensure that all personal and job-related information about employees is maintained in a secure, confidential, and appropriate fashion in accordance with the procedures outlined in our employee handbook.

## **Environment**

We are committed to minimizing the environmental impact of our operations and continuously advancing sustainability in our products, services, and operations. This commitment includes recycling and minimizing waste, preserving natural resources like water, reducing emissions generated by our activities, and avoiding or minimizing the use of hazardous substances. We see access to clean air and water as basic human rights.

### **Reporting Suspected Violations and Other Ethical Concerns**

We are committed to promoting a work environment where employees and others feel safe to report violations and participate in investigations without fear of retaliation. If you have a question or believe an AAON employee or a supplier, distributor, or other business relationship violating our values, this Policy, or applicable laws, you have a responsibility to act by contacting:

**AAON Compliance Hotline at 1-800-254-0475 to report a violation or any potential violation.**

AAON does not allow retaliation against employees for reporting violations or suspected violations.

# Workplace Safety

We direct our efforts toward developing processes and systems that demonstrate our commitment to safety practices. AAON investigates the primary causes of any reported work-related illnesses or injuries and takes specific actions to prevent future events.

Frontline leaders play a crucial role in enhancing safety for both employees and customers by offering feedback and solutions to product and process challenges. Safety committees and focus groups provide opportunities for employee engagement and participation in safety improvements.

## OCCUPATIONAL SAFETY AND HEALTH

We promote a written policy or commitment to injury prevention and occupational health and safety. This policy encourages team members to report uncomfortable, unsafe, or hazardous working conditions to leaders to prevent injuries or illnesses. All employees bear responsibility and accountability for safety. We consistently enhance training programs and work processes, and safely modify work environments as our workforce expands at all locations. This includes offering adequate rest breaks and overnight stays for trips, indicating a commitment to reducing fatigue among team members.



## SAFETY EDUCATION AND TRAINING

AAON consistently enhance training programs and work processes, and we safely modify work environments as our workforce expands across all locations. Our policy requires enough employees per floor, work unit, or shift, in accordance with pertinent state and federal laws, to be certified in CPR/AED.

Personal Protection Equipment (PPE) is provided at all locations with convenient access to safety gloves, safety sleeves, eye protection, and hearing protection. Replacement PPE is provided by vendors, who stock and maintain PPE machines strategically placed in break rooms and near production work areas. These machines are easily accessed by employee badge readers, which also helps in PPE tracking. Additionally, employees can take advantage of safety PPE reimbursement programs, which offer support for eligible purchases such as:

- **Steel-Toed Shoes** — Essential for foot protection in industrial settings.
- **Prescription Safety Glasses** — Customized eye protection for those requiring corrective lenses.

Safety training is scheduled by each location's respective EHS team. Several subjects are taught, including Lockout, ladder safety, fall protection, PPE usage, crane safety, first aid/CPR/AED, waste handling, forklift certification, compressed gas safety, and manual lifting. 27,231 employees attended these various training sessions in 2024.





## 608 EPA UNIVERSAL LICENSES TRAINING

AAON provides 608 EPA Refrigerant Classes to support employees in obtaining the National Universal License in refrigeration. This certification is essential for all personnel handling refrigeration, ensuring compliance with EPA regulations and maintaining industry safety standards.

The Learning and Development team enhanced the program by incorporating hands-on training, group activities, and personalized one-on-one instruction—addressing employees' need for practical learning and direct guidance. This progress underscores AAON's commitment to continuous learning, certification success, and workforce development.

### 2024 Training

- 215 team members received classroom instruction for the National Universal License.
- 18 team members - A2L certified for the R-454B refrigerant.

## RISK ASSESSMENTS

AAON utilizes a software platform to track safety incidents, observations, and near misses. Through this platform, team members are encouraged to engage by offering suggestions, reporting positive behavior, reporting workplace concerns or at-risk behavior. This platform incorporates proactive safety checklists for leaders and provides analytics and reports to learn from. The platform is accessible online and through a phone app to encourage consistent safety engagement.

## SAFETY TARGETS

The company is committed to strengthening safety outcomes through training and awareness, and ensuring leaders complete corrective actions after observing at-risk behaviors or sub-standard conditions. AAON targets to improve this metric by 10% (from 93.8% to 94.8%) by 2025. These observations are leading indicators in recognizing hazardous conditions and preventing injuries. With employment growth, AAON is focused on training to prepare new team members for a safe

work environment. AAON also has a target to maintain an assigned safety training completion rate of 95% or higher.

## 2024 EHS PLANS

The emphasis for our Environmental Health and Safety (EHS) team in 2024 is to lead the way in reporting observations, making close calls, and performing inspections of work areas. There is a direct correlation between reporting hazards before injuries occur and reduced injury rates. The EHS Team at each location must drive involvement and increased awareness from Production Leadership to see positive results and fewer injuries.

Health and Safety Institute (HSI) will help to refresh our safety training program, but we will continue to provide in person training in several areas like Lockout, Hazcom/GHS, PPE required training, Ladder safety, Crane safety, Forklift certifications, and others.

## EMERGENCY SAFETY AND SECURITY

Timely and effective communication is essential to improve responsiveness during emergencies and critical events. We have implemented a new messaging system designed to deliver urgent information quickly and efficiently.

This system utilizes mobile text messaging and email alerts to ensure rapid communication, allowing us to reach individuals, departments, teams, specific facilities, or the entire company as needed. It plays a vital role in keeping everyone informed and protected in situations such as:

- Safety concerns
- Security issues
- Emergency situations
- Weather-related events

By integrating this advanced communication tool, AAON strengthens its commitment to safety, preparedness, and operational efficiency across the organization.

## SECURITY

Our security team provides multiple layers of physical security at all locations including, but are not limited to:

- **Security Cameras** — Our security cameras number in the hundreds, most with multiple views. Most areas of our facilities, both inside and out, are under camera coverage. This provides an effective way of understanding situations, ensuring secure facilities, and providing proof of issues when needed.
- **License Plate Camera** — A license plate camera is in use at the Tulsa main campus. This system alerts the camera software and our handheld radios when vehicles associated with persons who should not be on property pass the camera. We have plans to include these cameras at other locations.
- **Security Escort** — Security escorts employees to and from their vehicles if they are concerned for their safety for any reason. Security walks terminated employees to their vehicle or off property ensuring the situation remains de-escalated.
- **All Access Control** — Security provides all access control. We do this by departmental and individual need.
- **Clear Bag Policy** — We have instituted a clear bag policy stating that all bags on the plant floors must be clear, this is to ensure the safety of our team members. We have experienced a 100% success rate with this new program.
- **Law Enforcement** — Security personnel work with law enforcement to protect AAON employees and other assets.
- **Routine Tests** — Security routinely tests doors, making sure all are secure and working properly.
- **Armed Security** — Contracted armed security guards patrol the Tulsa main campus exterior. The Company plans to extend this program to other locations.

## CONTRACTORS AND VISITORS

All contractors and visitors must have access badges. Currently, badges are checked out by the receptionist. We are installing a proof-of-concept Visitor/Contractor Management kiosk at the main Tulsa campus.

## TRAINING AND INFORMATION

We provide training during new hire orientation. Internal communication channels also disseminate information to managers, supervisors and team members.

The Security Manager and Security Supervisors are certified as Alert, Lockdown, Inform, Counter, Evacuate ("ALICE") instructors. ALICE is used primarily in active shooter situations.



# Cybersecurity

AAON continues to prioritize its cybersecurity. We drive continuous improvement in this process by monitoring threats and taking preventative measures to keep our business and customers free from threats. Our measures and controls help protect intellectual property, ensure continuous operations at our manufacturing sites, and safeguard customer data.

## EMPLOYEE AWARENESS

We actively promote employee awareness of cyber risks by providing training through third-party assignments and email phishing campaigns. AAON's employee handbook includes an Electronic Communications policy that addresses information security and cybersecurity.

All supervisors and managers are responsible for ensuring that their employees and other workers within their responsibility participate in the information security awareness, training, and educational activities where appropriate and required.

## FIREWALL UPGRADE

In our steadfast commitment to ensuring the availability, reliability, and performance of AAON's technology infrastructure, our Infrastructure and Info-Sec Teams successfully carried out a comprehensive upgrade to the Tulsa location firewalls. This upgrade marks the introduction of AAON's new and advanced firewall hardware, designed to strengthen network reliability and security while significantly improving overall performance.



## PRISMA ACCESS

A key aspect of this initiative is the successful migration of our VPN service to Prisma Access. Prisma Access provides a cutting-edge, cloud-delivered security infrastructure. This advancement enables our users to connect seamlessly to a nearby cloud gateway, ensuring faster VPN access and reinforcing our commitment to providing a secure and efficient technology environment.

## POLICY COMPLIANCE

**Compliance Measurement** — The IT Service Management (ITSM) must initiate mechanisms for tracking compliance with this Policy and must produce reports representing these measures, when requested, to support AAON decision making.

**Frequency of Policy Review** — The ITSM and Chief Information Officer ("CIO") review information technology policies and procedures annually, at a minimum. This policy is subject to revision as needed or based on these reviews' findings.



## CYBERSECURITY MANAGEMENT AND STRATEGY

We maintain various information security processes designed to identify and manage material risks from cybersecurity threats to our computer networks, third-party hosted services, communications systems, hardware and software, and data, including personal data, intellectual property and confidential information that is proprietary, strategic or competitive in nature. Our cybersecurity function includes representatives from information technology, engineering, information security, legal, impacted business units or products and other departments as applicable and help identify, assess and manage the Company's cybersecurity threats and risks.

The management team is responsible for identifying, assessing and managing cybersecurity risks by monitoring and evaluating potential threats using various methods including, for example, manual and automated tools such as vulnerability scans, penetration tests and system configuration reviews; conducting risk assessments and internal and external audits; and conducting tabletop incident response exercises. We implement and maintain various technical, physical, and organizational measures, processes, standards and policies designed to manage risks from cybersecurity threats to our systems, including:

- An information security incident response plan
- Maintaining a disaster recovery plan, business continuity program, vulnerability management process and vendor risk management process
- Conducting periodic risk assessments and employee training on cybersecurity
- Maintaining security controls in alignment with industry standard security frameworks like National Institute of Standards and Technology ("NIST") and Center for Internet Security ("CIS")

- Encrypting and segregating data, having network security controls, access controls, monitoring systems, managing assets and conducting penetration testing
- Maintaining cybersecurity insurance

Our assessment and management of risks from cybersecurity threats are integrated into the Company's overall risk management processes:

- Cybersecurity risk is addressed as a component of the Company's enterprise risk management program in concert with the audit committee and board of directors
- Our information security team works with our management team in an effort to prioritize our risk management processes and mitigate cybersecurity threats that are more likely to lead to a material impact to our business
- Our information security and management team evaluates material risks from cybersecurity threats against our overall business objectives and reports to the audit committee for further communication as required, to evaluate our overall enterprise risk.

We use third-party service providers to assist us in identifying potential risks from cybersecurity threats. These service providers include professional services firms, managed cybersecurity service providers, penetration testing firms and forensic investigators. We have a vendor management process designed to manage cybersecurity risks associated with our use of these providers. This process includes risk assessments, security questionnaires, review of vendor security programs, review of available security assessments, reports, and audits.

For more information about cybersecurity risks, see the Risk factors discussion in Item 1A of this Form 10-K.

## GOVERNANCE OF CYBERSECURITY RISK MANAGEMENT

The Board of Directors has oversight responsibility for our strategic and operational risks. The audit committee assists the board of directors with this responsibility by reviewing and discussing our risk assessment and risk management practices, including cybersecurity risks, with members of management. The audit committee, in turn, periodically reports on its review with the board of directors.

Management is responsible for day-to-day assessment and management of cybersecurity risks. The Company officer with oversight of Information Technology ("IT") has primary oversight of material risks from cybersecurity threats. Through November 2024, our Chief Information Officer was responsible for IT and had more than 25 years of experience across various engineering, business and management roles, including leading the development and implementation of information technology strategies and roadmaps for manufacturing automation. After the departure of our Chief Information Officer, our Vice President of Administration has responsibility and oversight for IT.

Management assesses our cybersecurity readiness through internal assessment tools as well as third-party control tests, vulnerability assessments, audits and evaluation against industry standards. We have governance and compliance structures that are designed to elevate issues relating to cybersecurity to Management, such as potential threats or vulnerabilities. We also employ various defensive and continuous monitoring techniques using recognized industry frameworks and cybersecurity standards.

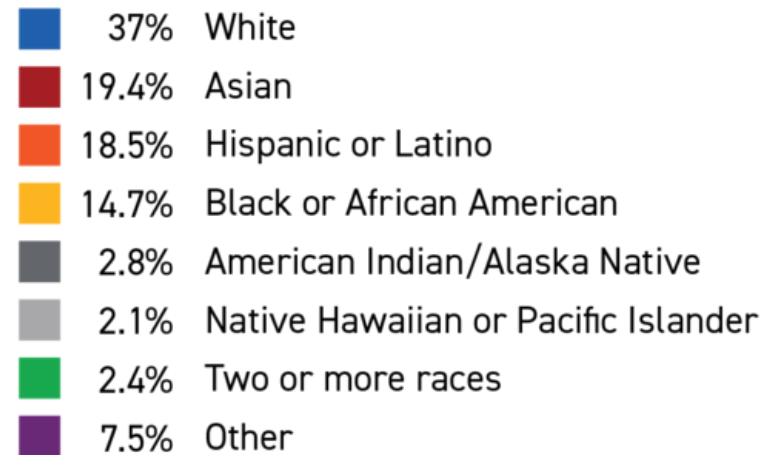
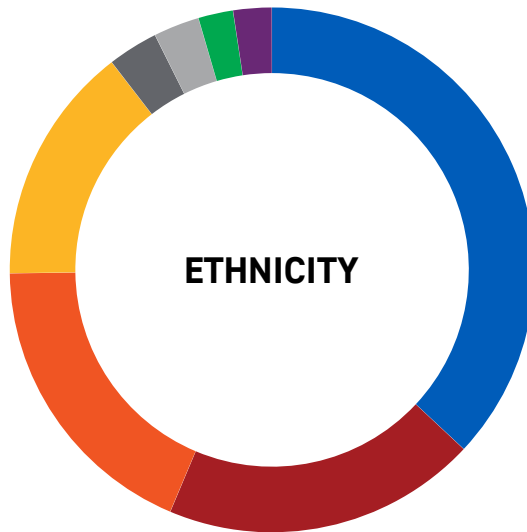
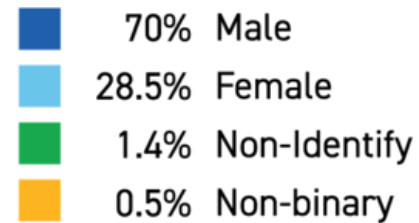
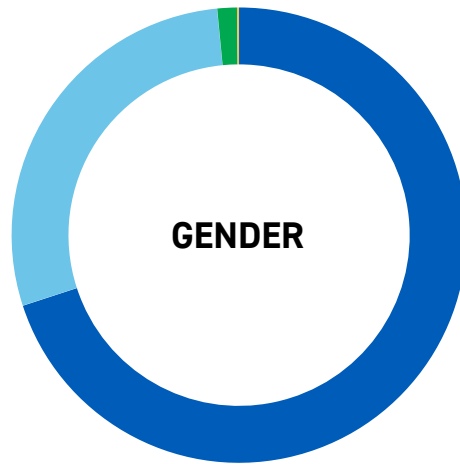
Our information security incident response plan is designed to escalate certain cybersecurity incidents to members of management depending on the circumstances. The incident response team works with the Company's management team to help mitigate and remediate cybersecurity incidents of which they are notified. In addition, the Company's information security incident response plan includes reporting to the board of directors for certain cybersecurity incidents.

Management meets with the audit committee periodically to review our information technology systems and discuss key cybersecurity risks. In addition, the Chief Financial Officer reviews with the audit committee at least annually our risk management program, which includes cybersecurity risks and is also reported to the board.



# Team Member Demographics

**TEAM MEMBERS: 4,812**





# Learning & Development

AAON's Learning & Development (L&D) Department developed as a part of strategic objectives to cultivate a culture of continuous improvement and innovation. By equipping team members with knowledge and skills in a variety of technical training and leadership development, we will continue to grow as innovators in the ever-evolving HVAC industry.

## TECHNICAL TRAINING

The L&D team provides technical training for Quality Team Leaders (QTLs) and production leaders. In 2024, all classroom technical training in Tulsa was brought in-house to ensure the curriculum closely reflects the organization's needs. The classes cover topics including wiring, brazing, technical math, and precision measurement as required to meet AAON high-quality standards. Training is delivered in a classroom setting for general overview and cross-training purposes, and on the production line for hands-on training to target specific skills development while on the job.



## LEADERSHIP DEVELOPMENT

### The OSU Leadership Series

AAON utilized the Oklahoma State University program designed to provide education and training to QTLs and Production Leaders on entry-level leadership skills including communication, collaboration, performance issues, and employee coaching.

### HoganTaylor Leadership Enrichment and Development Program

The HoganTaylor program is custom-developed around AAON's culture and core values to build leadership skills covering topics like managing and leading through change, and developing others, coaching for peak performance, and employee motivation and recognition.

# Employee Training

**Team members participated in 83,884 hours of training, equating to an average of 17 hours per employee.**

83,884 hours



	Employees	Hours
<b>Onboarding</b>		
Employee Handbook, Benefits, Code of Ethics, and other HR topics:		
Tulsa, OK	467	3,734
Longview, TX	767	2,027
<b>Safety</b>		
Safety training for each location was scheduled by the respective EHS Team. Several subjects were taught, including Lockout, ladder safety, fall protection, PPE usage, crane safety, first aid/CPR/AED, waste handling, forklift certification, compressed gas safety, and manual lifting		
All locations	27,231	31,176
<b>Quality</b>		
Tulsa, OK	467	3,734
Longview, TX	891	12,322
Kansas City, MO	38	152
Redmond, OR	953	7,468

	Employees	Hours
<b>Production</b>		
Brazing — Tulsa, OK	41	2,894
Production — Longview, TX	83	7,310
<b>Leadership</b>		
QTL's Tulsa, OK	84	5,537
Hogan Taylor Leadership	77	1,540
<b>College Level</b>		
Controls Testing	104	3,744
Universal EPA Refrigeration	215	1,086
<b>Languages</b>		
English as a 2nd Language	58	1,160

# Career Development



**AAON's Career Wheel is displayed in our facilities to visually promote career development opportunities.**

1. Attendance
2. Attendance, Satisfactory Evaluation, Application for Open Position, Selection in Interview Process
3. Certification (on file), 608 certification, AAON Provided Certifications or Requirements
4. Attendance, Satisfactory Evaluation, Application for Open Position, Selection in Interview Process, Additional Schooling (paid for by AAON)



# Team Member Benefits

AAON is a first-class HVAC manufacturing company that offers competitive wages and a robust benefits package including tuition reimbursement, generous paid time off, paid holidays, healthcare insurance, and an extraordinary 401(k) plan.

**Through integrity, mutual trust, and innovation, AAON strives to define quality, build comfort, and be the employer of choice in the communities in which we work.**

## BENEFITS INCLUDE

- 175% 401(k) Matching
- 175% Health Savings Account Matching
- Health Insurance
- Paid Holidays
- Paid Time Off
- Two Additional Floating Holidays
- Tuition Assistance Program (\$5,250 per year)
- Paid Military Leave
- Paid Parental Leave
- AAON Aid — Employee Disaster Relief Fund
- Company-Paid Short-Term Disability
- Company-Paid Long-Term Disability
- Company-Paid Employee Assistance Program
- Quarterly Profit Sharing Based on Eligibility



## WORK LIFE BALANCE

### Flexible Work Schedules

We offer a 4-day/3-day production work schedule with supporting night crews in each of those shifts. Other schedules are a standard 40-hour work week with hybrid opportunities for some positions.

### Paid Time Off (PTO)

AAON believes that employees should have opportunities to enjoy time away from work to help balance their lives. We provide paid time off (PTO) to all regular full-time employees to use for reasons including, but not limited to:

- Vacation
- Personal business
- Periods of illness
- Family emergencies

### Employee Assistance Program (EAP)

AAON provides all regular full-time employees with an Employee Assistance Program (EAP). The EAP is administered through a third-party, UNUM, and all communications between employees and UNUM are confidential. The EAP is free of charge to eligible employees and provides numerous services including:

- Childcare and/or eldercare referrals
- Personal relationship information
- Health information and online tools
- Legal consultations with licensed attorneys
- Financial Planning assistance
- Stress management
- Career development
- Travel assistance



## Parental Leave Policy

AAON will provide four weeks of paid parental leave to employees following the birth of an employee's child or the placement of a child with an employee in connection with adoption or foster care. The purpose of paid parental leave is to enable the employee to care for and bond with a newborn or a newly adopted child or a newly placed child. This policy will run concurrently with The Family and Medical Leave Act (FMLA) as applicable.

All eligible employees receive no more than four weeks of paid parental leave in a rolling 12-month period, regardless of whether more than one birth, adoption, or foster care placement event occurs.

Eligible employees residing in Oregon receive no more than 12 weeks of paid parental leave in a rolling 12-month period, regardless of whether more than one birth, adoption, or foster care placement event occurs.

Each week of paid parental leave is compensated at 100 percent of the employee's regular, straight-time weekly pay. Paid parental leave will be paid biweekly on regularly scheduled pay dates.

Employees must take paid parental leave in at least two-week increments and must use all paid parental leave during the 12-month time frame indicated above.

## Family Medical Leave Act

The FMLA provides eligible employees with the right to take unpaid, job-protected leave under certain conditions. This policy is to provide employees with a general description of their FMLA rights. In the event of any conflict between this policy and the applicable law, employees will be afforded all rights required by law.

## JURY DUTY

Time off for jury duty will be paid, in accordance with AAON's policy and jurisdictional requirements. Hours paid for jury duty do not count as hours worked for purposes of overtime and will not be counted towards any special forms of compensation such as incentives, commissions, or bonuses.

## VOTING RIGHTS

On Election Day, employees shall be allowed reasonable time off to vote unless the employee has nonworking hours in which to vote. Time off details are outlined in AAON's employee manual for each state represented.

## RE-HIRE OF EMPLOYEES

If an employee ends employment with AAON's for any reason, whether voluntary or involuntary, they may be eligible to be considered for re-hire six months after the date that their employment is terminated as of January 2024.

All re-hires must submit to and pass a pre-employment drug screen, background check, and physical, just like new hires. For re-hires, their re-employment date will constitute their date of hire for purposes of obtaining any AAON benefits or seniority, unless otherwise provided by law.





# Aim High & Team Member Spotlights



Our success is made possible by the unwavering dedication of our team members and we are committed to recognizing talent, supporting career growth and professional development across all locations.

Through our AIM High program, we regularly celebrate team member achievements, highlighting a diverse group of individual. AIM High posters throughout the facilities showcase team members' career milestones and advancement stories. This is intended to help inspire others across the organization to pursue their own growth journeys.

We also have a monthly Team Member Spotlight program recognizing team members for their outstanding work ethic and exhibiting a positive and supportive attitude. This creates a valuable opportunity to recognize and appreciate the contributions of fellow team members, helping to foster a positive and supportive workplace culture.



**Ariel Leff**



**Robert Knebel**



**Thawng Tuang**



**Paul Turbe**

# Human Capital Resources

Our key human capital measures include employee safety, turnover, absenteeism, and production. We frequently benchmark our compensation practices and benefits programs against those of comparable industries and in the geographic areas where our facilities are located. We believe that our compensation and employee benefits are highly competitive and allow us to attract and retain skilled and unskilled labor throughout our organization.

## AAON AND OKLAHOMA STATE UNIVERSITY'S COLLABORATIVE COMPENSATION PROJECT

In today's competitive market, attracting and retaining top talent is essential. To strengthen its compensation strategy, AAON partnered with Oklahoma State University (OSU) to develop a comprehensive, market-aligned framework.

This collaboration resulted in a compensation philosophy rooted in fairness, performance, and engagement—rewarding contributions while ensuring internal equity and external competitiveness.

Extensive market research guided the alignment of AAON's salary structure with industry standards, factoring in trends, geography, and skill sets. The new structure includes both short-term incentives tied to annual goals and long-term incentives that promote retention and sustained performance.

OSU also supported the development of consistent job design and leveling practices across all locations. We are actively defining and implementing structured job families and role descriptions to enhance transparency and clarify career paths.



This initiative reflects AAON's commitment to a performance-driven, equitable workplace where employees feel valued, supported, and motivated to grow.

At AAON, our people are our most valuable asset. We recognize that investing in human capital is essential to driving sustainable growth, innovation, and long-term stakeholder value. Our approach to human capital management is rooted in equity, inclusion, development, and well-being—ensuring that every team member has the opportunity to thrive.

### Talent Acquisition and Retention

We are committed to attracting and retaining top talent through competitive compensation, inclusive hiring practices, and a strong employer brand. Our partnership with Oklahoma State University (OSU) helped us develop a market-aligned compensation framework that supports internal equity and external competitiveness. This includes short- and long-term incentive programs that reward performance and foster retention.

### Inclusion and Engagement

We celebrate the unique backgrounds, perspectives, and experiences of our team members. Through initiatives like the AIM High program, we highlight career achievements across diverse cultural and educational backgrounds, inspiring others and reinforcing our inclusive values. We are committed to continuous improvement and transparency in our reporting progress for inclusion and engagement metrics.



## Learning and Development

We believe in growing talent from within. AAON offers structured career pathways, leadership development programs, and mentorship opportunities to support professional growth. Our learning ecosystem is designed to equip employees with the skills needed for today's roles and tomorrow's challenges, fostering a culture of continuous improvement and innovation.

## Employee Engagement and Recognition

We actively promote a culture of recognition and appreciation. Programs like AIM High and monthly team member spotlights celebrate contributions and reinforce our values. We also conduct regular engagement surveys to gather feedback and implement meaningful changes that enhance the employee experience.

## Health, Safety, and Well-being

The health and safety of our workforce is a top priority. We maintain rigorous safety protocols, provide access to wellness resources, and support mental health through employee assistance programs. Our goal is to create a safe, supportive, and resilient workplace where employees can perform at their best.

## Workforce Planning and Organizational Design

With support from OSU, we implemented consistent job design and leveling practices across all locations. This ensures transparency, role clarity, and equitable growth opportunities. Our organizational structure is designed to support agility, collaboration, and cross-functional teamwork.



# Culture and Engagement

## Employee Engagement Survey

AAON's Employee Engagement survey is offered annually to team members to measure employee satisfaction, level of engagement, and the overall feelings, thoughts, and attitudes of employees within the organization. Our focus is to increase engagement, improve satisfaction, and retention, and create a positive, productive work environment.

Benchmarking and tracking progress helps AAON foster a culture that is committed to continuous improvements and enhancement of our overall employee experience. Furthermore, the survey builds trust and transparency and addresses the overall mental and physical well-being of our team members.

Survey results guide strategic decisions in leadership development, training, and workplace enhancements. The insights gathered reveal key trends, enable proactive problem-solving, and ensure initiatives are aligned with the evolving needs and expectations of our workforce.

In the 2024 survey, we saw favorable movement around the themes of innovation and connection to meaningful work. We also identified opportunities to better support new employees and enhance how we communicate appreciation.

**2024 STRENGTHS**      **56% RESPONSE RATE**

**2025 GOAL**              **75% RESPONSE RATE**



## Culture Team

AAON's Culture Team is a group of team members across locations, departments and job levels, who serve as ambassadors to provide feedback and recommendations to support our workplace culture initiatives.

## Employee Experience Committee

AAON's Employee Experience Committee helps evaluate day-to-day experiences of team members and provides feedback and recommendations on how to improve overall team member experience.

# Inclusion and Engagement

## An inclusive workplace is integral to AAON's 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, where each team member is valued for their ideas, identities, experiences, and talents. This drives AAON's innovation, productivity, and team member engagement, leading to fresh ideas and problem-solving approaches. This focus is a key part of our employee retention strategy.

### PARTNERSHIPS

At AAON, we are proud to partner with organizations such as Resonance and Women in Recovery where we can provide support and recruitment opportunities for women who are justice-involved. Through these strategic partnerships, we continue to broaden our diverse talent pool, reduce recidivism, and positively impact our workplace environment.

AAON hosts hiring events and participates in community hiring events for underrepresented and underserved populations. The Company also has strategic partnerships with area nonprofits serving these communities.



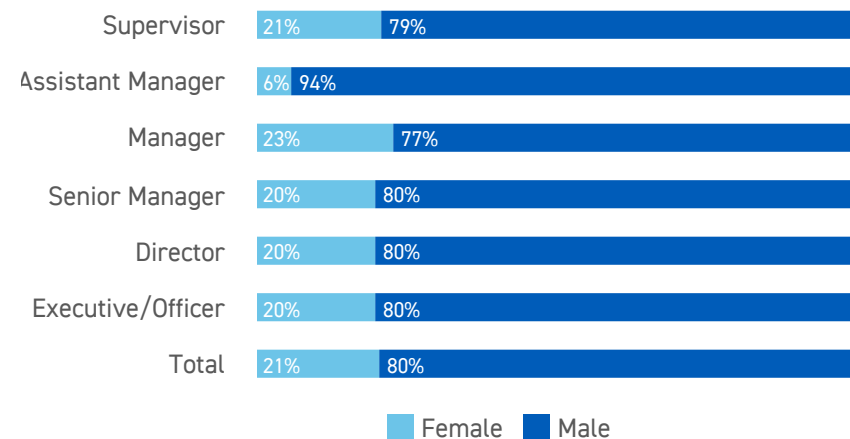
## MAXIMIZING THE TALENTS OF WOMEN



### Supporting Women in the Workplace

AAON is a corporate member of Women in Manufacturing, a national association dedicated to supporting, promoting, and inspiring women in all manufacturing job roles. AAON signed the Pay Equity Pledge, designed to combat inequality in women's compensation. AAON aims to promote women proportionately to their representation in the workforce.

### 21% of AAON's supervisor-level positions and above are female





## LANGUAGES

AAON collaborates with a third-party translation service to ensure team members receive effective and authentic communication in 9 languages and dialects that are most common and readable by employees. We offer on-site classes in English as a Second Language and leadership training to help team members develop professionally.

AAON participates in the Tulsa Regional Chamber's Mosaic Diversity and Inclusion Index and is recognized as a Mosaic Top Inclusive Workplace.

Languages translated:

**BURMESE**

**CHUUKESSE**

**DARI**

**PASHTO**

**RUSSIAN**

**SPANISH**

**UKRAINIAN**

**VIETNAMESE**

**ZOMI**



# AAON Employee Resource Groups



## VETERANS EMPOWERING THROUGH SERVICE (VETS)

The mission of AAON VETS is to unify the core values, beliefs, and understanding of active, reserve, National Guard, veterans, and military family members with our AAON business culture and to utilize Military and Veteran Resource Organizations to support our citizen soldiers, veterans, and their families. The combined experience of all members enhances professional development, productivity, and the overall AAON reach to the community.

### Promote Veteran Hiring

Through a comprehensive understanding of the manufacturing industry, we ensure that the service members of the community, internal and external, are connected to AAON positively. Our aim is to combine the experiences and knowledge of this resource group to better recruit, retain, and support both current and former military personnel and their families.

### Networking

AAON VETS meets 6 to 12 times a year offering special guest speakers, opportunities to attend Tulsa Mayor's Veterans Council meetings, and networking with other organizations in the community. Our network includes organizations such as Eagle Ops, Coffee Bunker, Broken Arrow Blue Star Mothers, and more.



### Military Reserve Duty and Other Military Service Policy

AAON will pay up to 80 hours of paid military leave in a fiscal year for full-time employees (pro-rated for part-time employees based on a 40-hour workweek). This paid military leave may be used for time spent in active-duty training assignments or inactive duty training.

### Veteran Employer Champion Recognition

AAON has been recognized as Veteran Employer Champion every year from 2021 to 2024, for the practices of:

- Veteran recruiting and hiring
- Veteran resource groups, onboarding program and/or Buddy Program
- Veteran program and community connection support
- Veteran employee resources and/or supports
- Veteran executive sponsor leading veteran strategies
- Guard and Reserve employee supports beyond Uniformed Services Employment and Reemployment Act (USERRA)





## WOMEN'S ALLIANCE AND RESOURCE PROGRAM (WARP)

WARP strives to foster a supportive, encouraging, and inclusive environment to provide programs and resources for professional and personal development opportunities.

### Promoting Women

The group is open to all AAON team members and is committed to promoting the advancement of women in the workplace. It serves as a platform to align with the company's overall strategy, foster communication, and provide valuable mentorship opportunities. By creating an inclusive space for learning, leadership development, and support, the group contributes to a more equitable and empowered workforce.

### Education and Collaboration

WARP also educates and shares information about common gender biases celebrates the diversity among women and builds on strengths, supporting collaboration over competition to empower women.

The Women's Alliance provides an opportunity to women across AAON to connect, build relationships, learn about community organizations, and participate in professional development.





# AAON Affinity Groups



## Uniting for a Sustainable Future

The objectives of our Go Green Team is to promote environmental awareness and to preserve the earth's natural resources, embodying both green and sustainable practices. The internal Go Green committee was established to educate our workforce and support team members interested in actively engaging in sustainability efforts within AAON properties and in our communities.

### Environmental Education

The Go Green Team meets regularly to host guest speakers, plan sustainability projects and coordinate volunteer opportunities. These sessions are open to all team members, encouraging active participation in community events, networking, and the exchange of sustainable practices—reinforcing our commitment to environmental responsibility and corporate citizenship.

### Community Support

In collaboration with AAON Serves and Go Green, a vision of five concrete flower beds became a reality for The Commons in Tulsa. To celebrate Earth Day, we participated in River Parks cleanups, Love Longview, Longview Gum Street and campus cleanups, and other environmentally friendly programs in the communities we serve.



## PROJECT HIGHLIGHT

In 2024, the Go Green committee successfully planned and implemented a used work boot and steel-toed boot donation initiative throughout its Tulsa facilities to support its reuse, recycle, and repurpose for less waste mission. The donation boxes were designed and constructed in-house using extra materials. Donation pick-up is coordinated through a community partner, Goodwill Industries. The committee plans to expand this initiative throughout other AAON locations.



## Prioritizing and enhancing team members' health, happiness, and productivity

At AAON, we believe in the strong correlation between a happy, healthy workforce and increased productivity. To support this, we have a dedicated wellness committee that leads our health and wellness initiatives across the organization.

To further support team member well-being and work-life balance opportunities, AAON Wellness introduced Wellhub, a flexible wellness platform available to all team members, providing access to gyms, fitness classes, mental health resources, and more.

### Physical Wellness

AAON Wellness encourages physical fitness by subsidizing various regional activities like walk/run and cycling events at no cost to team members. Beyond the workplace, we actively promote community engagement and healthy lifestyles. These efforts not only support physical well-being but also foster team connection and strengthen our presence in the community.

### Mental Health

AAON recognizes that supporting mental health is essential to building high-performing workforce. Through Wellhub, team members have access to mental health resources, including mindfulness tools and virtual therapy options. Additionally, we offer counseling sessions through our Employee Assistance Program. Training is also provided in Question, Persuade, Refer (QPR) suicide prevention, stress management, and mental health awareness sessions to company leadership.

### Financial Wellness

AAON prioritizes financial wellness by providing resources such as retirement planning support, one-on-one financial consultations, and educational lunch and learn sessions. These tools empower our team members to make informed financial decisions, prepare for life-altering events, and plan confidently for the future. Promoting financial wellness strengthens our culture and contributes to a more resilient, sustainable workforce.

### Tobacco and Vapor Free Workplace

Our company policy aims to provide a healthy, safe, and pleasant work environment. This policy prohibits smoking (as well as chewing tobacco, nicotine pouches, vaporizers, e-cigarettes, or any electronic smoking device) inside all AAON facilities. This policy applies to all employees, visitors, customers, and clients. Smoking is also prohibited on the company's outdoor property, except for designated smoking booths.





## Healthy Lifestyle

We champion healthy living through annual on-site health assessments, blood drives, flu vaccinations, and wellness-focused lunch-and-learn sessions. All these services are provided at no cost to our team members.

The company offers insurance coverage with minimal to low out-of-pocket expenses for prescription medications for tobacco cessation, and over-the-counter nicotine replacement products.





# Corporate Social Responsibility

AAON is dedicated to corporate social responsibility to create a meaningful impact centered around three social impact pillars:

- Workforce Readiness
- Strong Families and Communities
- Environmental Sustainability

We invest in the communities where our team members live and work through financial support, volunteerism, and donations, recognizing that our success is closely tied to their resilience and prosperity.

- AAON Matching Gifts Program
- AAON Serves Program
- Non-profit HVAC equipment donations
- Non-profit Board Placement Program



**In 2024, we contributed approximately \$1.7 million to nonprofit organizations, and our team members volunteered more than 7,635 hours in our communities.**



## **Proudly partnering with more than 105 nonprofits to amplify our impact**

AAON Serves is a cornerstone of our corporate social responsibility, focused on creating meaningful volunteer impact in the communities where we live and work. We recognize that our success is deeply connected to the health and vitality of these communities. That's why we are committed to generously leveraging our assets, resources, and talents to support their resilience and long-term prosperity. The initiative also supports continuous learning, enabling team members to better understand community needs while strengthening key partnerships that drive shared progress.

Through volunteerism and strategic investments, we strive to create tomorrow's solutions today. AAON's Community and Engagement Councils empower team members to shape a culture of service within our company. Team members actively volunteer in local schools, participate in mentoring programs, and support multiple community partners. By sharing our diverse talents and learning about each other's service passions, we foster a close-knit network united by a shared commitment to giving back.



## PAID VOLUNTEER TIME

AAON Team members receive 24 hours of paid volunteer time per year to use as part of their work hours. They can choose to volunteer at a wide variety of events with community organizations and company-sponsored events for causes they care about.

Team members collectively contributed more than 7,625 volunteer hours and reflects their personal commitment to giving back to their communities.

The monetary impact at today's wage calculation rate of \$34.79 per hour, the tracked volunteer contribution in 2024 amounted to \$265,273. This demonstrates not only the time but also the financial impact of AAON Serves volunteer program.

## HVAC EQUIPMENT DONATIONS

AAON supports capital campaign projects of non-profit organizations that align with the Company's community priorities. By donating HVAC equipment, we contribute to essential infrastructure needs in local communities.

## AAON MATCHING GIFTS PROGRAM

This program empowers team members to support the nonprofits they care about, amplifying the impact of their personal contributions. We value their philanthropic efforts and, in recognition of their generosity, match their gifts 1:1.

## NONPROFIT BOARD PLACEMENT PROGRAM

AAON offers a nonprofit board placement program and 'Board Service 101' learning presentations. This initiative aims to connect team members with opportunities to serve on nonprofit boards in their local areas and contribute their knowledge, skills, and experiences to make a positive impact in their communities.





# Workforce Readiness

## AAON values the importance of supporting pathways to opportunity for current and future workforce talent.

Our locations hosted and engaged more than 500 students and educators during events including internships, educational presentations and facility tours, Manufacturing Month events, and community programs.

AAON recognizes the importance of STEM (Science, Technology, Engineering, and Mathematics) education within our industry. AAON hosts an annual STEM education camp for children of employees at our Tulsa facilities. AAON team members are actively involved and participate in numerous STEM-related community events across all locations.



We engage with organizations that create inclusive career pathways for youth, justice-involved individuals, immigrants, refugees, adults transitioning from other industries, and other underrepresented groups. By embracing this holistic approach, we not only empower individuals to achieve economic mobility but also strengthen a more resilient, inclusive workforce that fuels long-term prosperity for our communities.

**Strategic Partnerships** – Collaborating with community-based organizations, educational institutions, workforce development non-profits and programs to design and implement programs tailored to the unique needs of each population.

**Skills Development and Training** – Supporting access to vocational training, apprenticeships, certifications, and on-the-job learning opportunities that align with industry demands and future workforce needs.

**Barrier Reduction** – Addressing systemic barriers such as language access, transportation, childcare, and digital literacy to ensure equitable participation in career development programs.

**Mentorship and Support Services** – Providing mentorship, coaching, and wraparound services to help individuals navigate career transitions, build confidence, and sustain long-term employment.

**Inclusive Hiring Practices** – Embedding inclusive recruitment and hiring strategies that recognize non-traditional career paths and value diverse experiences and perspectives.

**Measurement and Accountability** – Tracking outcomes such as job placement, retention, wage growth, and career advancement to ensure programs are delivering meaningful impact and continuously improving.





## PARTNERSHIP HIGHLIGHT

Fab Lab Tulsa empowers the community with learning experiences, career development, and economic opportunities through education, workforce, and business programs.

Fab Lab Tulsa offers low-cost prototyping and manufacturing tools to support inventors and businesses. It drives entrepreneurship and economic growth, assisting start-ups and established companies with advanced equipment, technical guidance, and access to business resources.

**K-12 Program** – Introduces students to engineering, computer science, math, and art through hands-on use of 2D/3D design software and digital fabrication tools.

**Siegfried Mobile Fab Lab** – Brings STEM learning directly to schools with advanced digital fabrication tools. Its custom trailer transports modular lab units for classrooms or auditoriums for hands-on programs or demonstrations.

**Hardesty Hub for Maker** – Our facility's open design functions as a think tank, community space, workshop, classroom, and art gallery.



AAON is a proud presenting sponsor for Fab Lab's annual Maker Faire event.



# Strong Families and Communities

**AAON values families and community, understanding that as a business, we do not operate in isolation.**

We collaborate with and support organizations addressing critical needs in our communities. Organizations that provide social services, health and well-being, and mental health services are valuable support to our team members and their families.





## PARTNERSHIP HIGHLIGHT

KIDS Center, a nationally accredited Children's Advocacy Center, in Bend, Oregon, has served the Central Oregon region for more than 25 years. It offers free, comprehensive child abuse evaluations and support services, including:

**Forensic Interviews** – Safe, developmentally appropriate space for children to share their experiences.

**Medical Exams** – Child-focused health evaluations prioritizing comfort and care.

**Family Advocacy** – Guidance and connection to vital resources and emotional support.

**Therapy Services** – Evidence-based counseling to foster healing and resilience.

This holistic approach reflects KIDS Center's commitment to child safety, recovery, and well-being. BASX supports this organization's mission through sponsorships and other event participation.



BASX is a proud Hope & Healing sponsor for the Cork & Barrel event series benefiting KIDS Center.



# Environmental Stewardship

**AAON continually strives to improve our environmental and social impact. Our pursuit of sustainability ensures the preservation of essential resources for future generations.**

AAON has two sustainability committees and participates in the Sustainability Alliance Scor3card benchmarking initiative to continuously improve our environmental and social impact. We support and engage with multiple organizations nationally and in the regions of our company locations, that conserve and protect green spaces. These include but are not limited to River Parks, Keep Longview Beautiful, The Nature Conservancy, Smith Rock Group and the National Forest Foundation.







## PARTNERSHIP HIGHLIGHT

### Mission — Litter Prevention • Beautification • Waste Reduction

Keep Longview Beautiful in Longview, Texas, engages the community in environmental improvement through litter prevention, beautification, and waste reduction. As Longview continues to grow, the organization plays a vital role in preserving the city's quality of life and promoting environmental stewardship.

Our company supports Keep Longview Beautiful's mission, which aligns with our social impact pillars of strong families, and communities, and environmental stewardship. In addition to participating in programs and events, we have team members who serve or have served on the organization's board of directors.



# Awards and Recognitions

## Manufacturer of the Year (2023) — AAON Longview

*Awarded in January of 2024*

*Longview Chamber of Commerce*

## AMCA Accreditation — The NAIC

*Earned: 210 Airflow Performance & 300 Sound Performance*

## Oklahoma State University Cowboy 100 & the Blazing 10

*Stephen Wakefield, Exec. VP & GM of AAON Business Unit*

## Scor3card - Platinum Level — AAON Tulsa

*The Sustainability Alliance*

## Statewide Community Award — AAON

*Leadership Oklahoma*

## Partners in Progress — AAON Tulsa

*Tulsa Tech*

## MOSAIC 2024

*Tulsa Regional Chamber*

## BEST of the BEST — AAON

*Oklahoma Magazine — Manufacturing and CEO*

## Veteran Employer Champion — AAON

*Veteran Employer Network, Community Service Council and City of Tulsa*

## Women Worth Watching in Leadership

*Rebecca Thompson, VP, Chief Accounting Officer & Treasurer*

*Profiles in Diversity Journal*



# Governance

## BOARD OF DIRECTORS

**Norman H. Asbjornson**

Founder, Retired, Chief Executive Officer and Executive Chairman  
AAON

**Gary D. Fields**

Retired, Chief Executive Officer  
AAON

**Matt Tobolski**

Chief Executive Officer  
AAON

**Angela E. Kouplen**

Senior Vice President and Chief Human Resources Officer  
ONE GAS, INC.

**Caron A. Lawhorn**

Retired, Senior Vice President and Chief Financial Officer  
ONE GAS, INC.

**Stephen O. LeClair**

Chairman and Chief Executive Officer  
CORE & MAIN, INC.

**A.H. McElroy II**

President and Chief Executive Officer  
MCELROY MANUFACTURING, INC.

**David R. Stewart**

Chief Administrative Officer and Trustee  
OKLAHOMA ORDNANCE WORKS  
AUTHORITY

**Bruce Ware**

Retired, Corporate Vice President and Group Head Joint Venture Capital Raising  
DAVITA, INC.

## DIRECTOR INDEPENDENCE

The Board has adopted director independence standards that meet and/or exceed listing standards set by NASDAQ. NASDAQ has set forth six applicable tests and requires that a director who fails any of the tests be deemed not independent. The Board has affirmatively determined that Ms. Kouplen, Ms. Lawhorn and Messrs. LeClair, McElroy, Stewart and Ware are independent under the Company's guidelines and independence standards of NASDAQ and the SEC. Messrs. Asbjornson and Fields do not qualify as independent under the standards set forth below.

### Our director independence standards are as follows:

It is the policy of the Board that a majority of the members of the Board consist of directors independent of AAON and our management. For a director to be deemed "independent," the Board must affirmatively determine that (apart from his or her status as a director) the director has no material relationship with AAON or its affiliates or any member of the senior management of AAON or his or her affiliates. In making this determination, the Board applies, at a minimum and in addition to any other standards for independence established under applicable statutes and regulations as outlined by the NASDAQ listing standards, the following standards, which it may amend or supplement from time to time: A director who is, or has been within the last three years, one of our employees, or whose immediate family member is, or has been within the last three years a Named Executive Officer, cannot be deemed independent. Employment as an interim Chair or Chief Executive Officer will not disqualify a director from being considered independent following that employment.

A director who has received, or who has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from us, other than director and committee fees and benefits under a tax-qualified retirement plan, or non-discretionary compensation for prior service (provided such compensation is not contingent in any way on continued service), cannot be deemed independent. Compensation received by a director for former service as an interim Chair or Chief Executive Officer and compensation received by an immediate family member for service as a non-executive employee will not be considered in determining independence under this test.

A director who (A) is, or whose immediate family member is, a current partner of a firm that is our external auditor; (B) is a current employee of such a firm; or (C) was, or whose immediate family member was, within the last three years (but is no longer) a partner or employee of such a firm and personally worked on our audit within that time cannot be deemed independent.

A director who is, or whose immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of our present Named Executive Officers at the time serves or has served on that company's compensation committee cannot be deemed independent.



A director who is a current employee or general partner, or whose immediate family member is a current executive officer or general partner, of an entity that has made payments to, or received payments from us for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$200,000 or 5% of such other entity's consolidated gross revenues, other than payments arising solely from investments in AAON's securities or payments under non-discretionary charitable contribution matching programs, cannot be deemed independent.

For purposes of the independence standards set forth above, the terms:

"Affiliate" means any consolidated subsidiary of AAON and any other company or entity that controls, is controlled by or is under common control with AAON; "Executive officer" means an "officer" within the meaning of Rule 16a-1(f) under the Exchange Act, as amended; and "Immediate family" means spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other than employees) sharing a person's home, but excluding any person who is no longer an immediate family member as a result of legal separation or divorce, death or incapacitation.

In addition to the director independence standards set forth above, the Board also requires the Chairs and all other committee members to satisfy the heightened independence standards set forth under applicable NASDAQ and SEC rules for committee memberships. In connection with its assessment of the independence of the directors, as set forth above, the Board also determined that our Audit Committee Chair and all other Audit Committee members meet the additional independence standards of NASDAQ and the SEC applicable to members of the Audit Committee.

The Board undertakes an annual review of the independence of all non-employee directors. In advance of the meeting at which this review occurs, each non-employee director is asked to provide the Board with full information regarding the director's business and other relationships with us and our affiliates and with senior management and their affiliates to enable the Board to evaluate the director's independence.

Directors have an affirmative obligation to inform the Board of any material changes in their circumstances or relationships that may impact their designation by the Board as "independent". This obligation includes all business relationships between, on the one hand, directors or members of their immediate family, and, on the other hand, AAON and our affiliates or members of senior management and their affiliates, whether or not such business relationships are subject to any other approval requirements by us.

## POLICY AGAINST HEDGING STOCK

Our Insider Trading Policy prohibits our directors, officers and other employees, and their designees, from engaging in short sales or from hedging transactions of any nature that are designed to hedge or offset a decrease in market value of such person's ownership of the Company's equity securities. Our Insider Trading Policy also prohibits our directors, officers and other employees, and their designees, from purchasing financial instruments or engaging in other problematic transactions involving the Company's equity securities, including, puts, calls, collars, forward contracts or other derivative securities concerning the Company's equity securities. We prohibit such conduct since purchasing such financial instruments or engaging in such transactions would result in the individual no longer being

exposed to the full risks of ownership of the Company's equity securities, which may weaken the alignment of such individual with the objectives of the Company's stockholders. Additionally, our directors, officers and other employees may not pledge or hold their Company equity securities in a margin account.

## BOARD LEADERSHIP STRUCTURE

During 2024, our Board was led by A.H. "Chip" McElroy II, who was both the Independent Chair of the Board and Chair of the Governance Committee and Caron A. Lawhorn, who was both our Independent Vice-Chair of the Board and Chair of the Audit Committee. In addition, our Compensation Committee is also led by an independent director, Angela E. Kouplen.

The business of AAON is managed under the direction of our Board. In accordance with our Bylaws, we have an Independent Chair of the Board, who presides at all meetings of the Board and stockholders. Our Board has also chosen to elect an Independent Vice Chair of the Board to perform the duties and responsibilities as the Board may determine.

The Board has determined that our current Board structure, having the Independent Chair of the Board serve as the presiding officer at all Board and stockholder meetings, and having an Independent Vice Chair, is currently the most appropriate leadership structure for the Company and its stockholders. This fosters clear accountability, effective decision-making, alignment with corporate strategy, direct oversight of management, full engagement of the remaining directors and continuity of leadership. Having an Independent Chair and Independent Vice Chair demonstrates the Board's recognition of the importance of independent leadership and identifies the individuals, elected by and from the independent directors, selected to act as the leaders of the independent directors and help ensure appropriate discussions take place, in an open and forthright manner, at the Board level. The Board considers and reviews its leadership structure annually by the independent directors in connection with its self-evaluation process. The Board believes its current leadership structure is reasonable, appropriate and in the best interests of the Company and its stockholders.

## BOARD DIVERSITY

Our directors have a diverse mix of backgrounds, qualifications, skills and experiences that we believe contribute to a well-rounded Board that is positioned to effectively oversee our strategy. We have a balance of new and tenured directors, reflecting our commitment to proactive Board refreshment. Assuming the re-election of the three Class III directors to the Board, the average age of our directors will be 63 years; the average tenure will be 12 years; 6 of our 8 directors or 75% are independent; and 50% of our directors are diverse.

## Board Diversity Matrix

	Norman H. Asbjornson	Gary D. Fields	Angela E. Kouplen	Caron A. Lawhorn	Stephen O. LeClair	A.H. McElroy II	David R. Stewart	Bruce Ware
<b>Skills, Attributes, and Experience</b>								
Accounting and Financial Expertise				•	•	•	•	•
Acquisitions and Divestitures			•	•	•			•
Banking				•				•
Compliance			•	•				
Corporate Development			•	•	•	•	•	•
Corporate Governance			•	•	•	•	•	•
Engineering Management	•	•				•		
Executive Compensation			•	•	•	•		
Executive Management	•	•	•	•	•	•	•	•
Financial and Operational Analysis	•	•		•			•	•
Human Resources			•			•		
Industry Knowledge	•	•						
Information Technology			•	•				
Operations	•	•			•	•		
Operational Technology						•		
Public Accounting				•			•	
Regulatory Compliance				•				
Risk Management and Oversight			•	•	•	•	•	•
Sales Channel	•	•						
Strategic and Financial Planning		•	•	•	•	•	•	•
<b>Demographic Background</b>								
Board Tenure (years)	37	10	9	6	8	18	4	4
Age (years)	89	65	51	64	56	62	69	49
Gender (male/female)	M	M	F	F	M	M	M	M
<b>Race/Ethnicity</b>								
African American or Black								•
Alaskan Native or American Indian							•	
Caucasian/White	•	•	•	•	•	•		

## SUCCESSION PLANNING

A key responsibility of the CEO and the Board is ensuring that an effective process is in place to provide continuity of leadership over the long term at all levels in our Company. Each year, succession-planning reviews are held at every significant organizational level of the Company, culminating in a full review of senior leadership talent by our independent directors. During this review, the CEO, the Chair of the Board and the independent directors discuss future candidates for senior leadership positions, including all NEOs, succession timing for those positions and development plans for the highest-potential candidates. This process ensures continuity of leadership over the long term and it forms the basis on which our Company makes ongoing leadership assignments. It is a key success factor in managing the long-term planning and investment lead times of our business.

## OUR BOARD AND CORPORATE STRATEGY

Our Board is actively involved in overseeing, reviewing and guiding our corporate strategy. Our Board formally reviews our Company's business strategy, including the risks and opportunities facing our Company and its business, at an annual strategic planning session. Our Board regularly discusses corporate strategy throughout the year with management formally, as well as informally, and during executive session of the Board as appropriate. As discussed in the "Risk Oversight" section below, our Board views risk management and oversight as an integral part of our strategic planning process, including mapping key risks to our corporate strategy and seeking to manage and mitigate risk. Our Board also views its own composition as a critical component to effective strategic oversight. Accordingly, our Board and relevant Board committees consider our business strategy and the Company's regulatory, geographic and market environments when assessing board composition, director succession, executive compensation and other matters of importance.

## STOCKHOLDER ENGAGEMENT

Our Board of Directors and management team are committed to a comprehensive investor relations program. We believe regular engagement with current and prospective stockholders to better understand their perspectives is integral to effective corporate governance. The feedback we receive also helps align our strategy with stockholder expectations. To achieve the maximum output from our outreach program, we utilize various methods including targeting, surveillance, investor perception studies, investor conferences, investor day events, videoconferences and teleconferences. Our engagement program regularly includes our CEO, COO, CFO and other members of our executive leadership team.

## WHOM WE ENGAGE

- Institutional Investors
- Sell-Side Analysts
- Proxy Advisory Firms
- Retail Stockholders
- Pension Funds
- ESG Raters



## HOW WE ENGAGED IN 2024

In 2024, members of our executive management team participated in six investor conferences, over a hundred investor conference calls and various onsite meetings, amounting to approximately 130 investor engagements. Through these outreach efforts, our executive management interacted with 95% of our top 20 institutional active investors and over 40% of AAON's top 100 institutional active investors..

Other ways of engagement in 2024 included quarterly earnings conference calls in which our executive management team responds to analysts' questions pertaining to recent results and the outlook to the business. On the Investor Relations page of our company website, we regularly provide additional information in the form of Investor Relations presentations, earnings releases and accompanying presentations, annual reports, annual Sustainability reports, as well as other financial and operational information. In 2024, we also engaged Rivel, Inc. to conduct an Investor Perception Study to gain feedback from current stockholders, prospective investors and sell-side analysts on what management and the Board can do differently to help create value.

## TOPICS DISCUSSED

- Growth Strategies
- Sustainability
- Data Center Market Fundamentals
- Product Innovation
- Sales Channel
- Capital Projects and Capacity Expansion Plans
- Pricing Strategy
- Marketing Investments
- Regulations
- Strategic M&A

## INTEGRATING FEEDBACK

The Board and management are receptive to feedback that results from our engagement with investors and integrate it into their discussions and decision-making, as appropriate. Our dialogue in recent years has led to, among other things:

- Reinforcement and refinement of certain strategies.
- Improved qualitative and quantitative guidance to assist investors in better understanding management's near-term and long-term financial outlook.
- Major enhancements in our ESG reporting, as demonstrated in our last three annual Sustainability reports.
- Shifted from a semi-annual dividend distribution to a quarterly dividend.

## RISK OVERSIGHT

The Board has ultimate responsibility for oversight of our risk management processes. The Board discharges this oversight responsibility through regular reports received from and discussions with senior management on areas of material risk exposure to the Company. These reports and Board discussions include, among other things, operational, financial, legal, regulatory and strategic risks. Additionally, our risk management processes are intended to identify, manage and control risks so that they are appropriate considering our size, operations and business objectives. The full Board (or the appropriate committee in the case of risks in areas for which responsibility has been delegated to a particular committee) engages with the appropriate members of senior management to enable its members to understand and provide input to and oversight of our risk identification, risk management and risk mitigation strategies. In addition, each of our Board committees considers the risks within its areas of responsibility. For example, the Audit Committee reviews risks related to financial reporting; discusses material violations, if any, of Company governance, ethics and compliance policies brought to its attention; considers the Company's risk assessment that is part of the Company's strategic planning which identifies control risks and drives the internal audit plan for the ensuing year; reviews the external audit plan; and considers the impact of risk on our financial position and the adequacy of our risk-related internal controls. The Compensation Committee reviews compensation and human resource risks. This enables the Board to coordinate risk oversight, particularly with respect to interrelated or cumulative risks that may involve multiple areas for which more than one committee has responsibility. The Board or applicable committee also has authority to engage external advisors as necessary.

Actions taken by the Board outside of Board meetings are consented to in writing by a memorandum of action in lieu of a meeting, to which all incumbent directors subscribe. Directors meet their responsibilities not only by attending Board and committee meetings but also through communication with members of management on matters affecting us.

## BOARD COMMITTEE STRUCTURE

Currently, the Board has a standing Audit Committee, Compensation Committee and Governance Committee to assist the Board in carrying out its functions. The Board has determined that each of the Chairs, as well as all committee members, are independent under applicable NASDAQ and SEC rules for committee memberships. The members of the committees are shown in the table below, followed by a brief description of each committee.

### Governance of the Company

Director	Board	Audit Committee	Compensation Committee	Governance Committee
Angela E. Kouplen	Member	Member	Chair	0
Caron A. Lawhorn	Vice-Chair	Chair	—	Member
Stephen O. LeClair	Member	Member	—	Member
A.H. McElroy II	Chair	0	Member	Chair
David R. Stewart	Member	Member	—	Member
Bruce Ware	Member	Member	Member	—
Number of Meetings in 2024	5	4	6	5
Member Participation	>75%	>75%	>75%	>75%

Our Board has adopted written charters for each of its Audit, Compensation and Governance Committees. Copies of the charters of each of these committees are available on and may be printed from our website at [www.aaon.com](http://www.aaon.com). Copies are also available from our corporate secretary upon request.

## AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of our accounting, auditing and financial reporting practices. Among other things, the Audit Committee is responsible for: selecting and retaining our independent public accountants; preapproving the engagement of the independent accountants for all audit and audit-related services and permissible, non-audit-related services; reviewing in advance the scope and focus of the annual audit; and reviewing and discussing with management and the auditors our financial reports, the audited financial statements, the auditor's report, the management letter and the quality and adequacy of our internal controls. In addition, the Audit Committee is responsible for oversight and review of the activities of the Company's internal audit function. The Board has determined that the Chair and the other Audit Committee members are independent under applicable NASDAQ and SEC rules for Audit Committee memberships. The Audit Committee is governed by a written charter, a copy of which is available on our website, at [www.aaon.com](http://www.aaon.com).

The Board has determined that Ms. Lawhorn qualifies as an "audit committee financial expert" as defined by applicable SEC rules and that each member of the Audit Committee meets the additional criteria for independence of audit committee members set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 5605(c) of the NASDAQ Stock Market Listing Standards.

## COMPENSATION COMMITTEE

The responsibilities of the Compensation Committee, as set forth in its charter, include the direct responsibility and authority to review and approve our goals and objectives relevant to the compensation of our Chief Executive Officer and other executive officers, to evaluate the performance of such officers in accordance with the policies and principles established by the Compensation Committee and to determine and approve, either as a Committee, or (as directed by the Board) with the other "independent" Board members (as defined by the NASDAQ listing standards), the compensation level of the Chief Executive Officer and the other executive officers. The Compensation Committee is composed of the three independent (non-employee) directors, named in the table above, each of whom is "independent" as defined by applicable NASDAQ and SEC rules for committee memberships. The Compensation Committee is governed by a written charter, a copy of which is available on our website, at [www.aaon.com](http://www.aaon.com). In accordance with its charter, our Compensation Committee has the sole authority to retain and terminate its compensation consultant and to review its compensation consultant's independence on an annual basis.

## GOVERNANCE COMMITTEE

The responsibilities of the Governance Committee include proposing to the Board a slate of nominees for election by the stockholders at the Annual Meeting and maintaining a list of prospective director candidates in the event of the resignation, death, removal or retirement of directors or a change in the Board composition requirements. The Committee is also charged with reviewing with the Board the desired experience, mix of skills and other qualities to assure appropriate Board composition. The Board has determined that the Chair and all Governance Committee members are independent under applicable NASDAQ and SEC rules for committee memberships.

The responsibilities of the Governance Committee also include the periodic reviews and monitoring of the Company's corporate governance guidelines (including the Company's Code of Conduct), recent developments in corporate governance concepts, the Company's plans for CEO and senior management succession, regulatory requirements relevant to the Company's corporate governance guidelines to assure the Company's compliance therewith, and the Company's Articles of Incorporation and Bylaws.

The Board has determined that the Chair and all Governance Committee members are independent under applicable NASDAQ and SEC rules for committee memberships.

## DIRECTOR NOMINATIONS

Our Bylaws also provide that a stockholder may nominate a director for election at an annual meeting if written notice is given to us not less than 90 and not more than 120 days in advance of the anniversary date of the immediately preceding annual meeting.

If and when new vacancies occur in the future, the Board will consider director nominees recommended by stockholders, in accordance with our Bylaws. The Board does not have a formal policy regarding the consideration of, procedures to be followed by, minimum qualifications of or process for identifying or evaluating nominees recommended by stockholders. Among the criteria developed by the Governance Committee for qualification for director nominees as well as director retention, a candidate must have demonstrated accomplishment in his or her chosen field, character and personal integrity, and the ability to devote sufficient time to carry out the duties of a director. The Governance Committee considers whether the candidate is independent under the standards described below under "Director Independence." In addition, the Governance Committee considers all information relevant in their business judgment to the decision of whether to nominate a particular candidate, taking into account the then-current composition of the Board and assessment of the Board's collective requirements. These factors may include: a candidate's age, professional and educational background, reputation, industry knowledge and business experience and relevance to the Company and the Board (including the candidate's understanding of markets, technologies, financial matters and international operations); whether the candidate will complement or contribute to the mix of talents, skills and other characteristics that are needed to maintain the Board's effectiveness; and the candidate's ability to fulfill responsibilities as a director and as a member of one or more of our standing Board committees. Although the Board does not have a formal diversity policy for Board membership, the Governance Committee considers whether a director nominee contributes or will contribute to the Board in a way that can enhance the perspective and experience of the Board through diversity in gender, ethnicity, geography and professional experience. Nomination of a candidate is not based solely on the factors noted above. When current Board members are considered for nomination for re-election, the Governance Committee also takes into consideration their prior Board contributions, performance and meeting attendance records. The Governance Committee does not assign specific weights to particular criteria, and no particular criterion is a prerequisite for Board membership. We believe that the backgrounds and qualifications of our directors, considered as a group, provide an appropriate mix of experience, knowledge and abilities to allow the Board to fulfill its responsibilities. The effectiveness of the Board's skills, expertise and background is also considered as part of each Board and committee's annual self-assessment evaluation process conducted at the direction of the Governance Committee.



## DIRECTOR COMPENSATION

As outlined in its charter, the Compensation Committee has the authority to review and make recommendations to the Board with respect to the components and amount of Board compensation in relation to other similarly situated companies. Periodically, the Committee directs its compensation consultant to provide an independent assessment of the Company's Board compensation program. This review was last conducted in 2024. The Committee targets total Board compensation levels at a competitive range of peer group total Board compensation. The Committee considers total aggregate Board compensation and other factors when making recommendations to the Board for approval.

During 2024, our fees for non-employee directors were as follows, with all amounts paid on a quarterly basis:

Director	Annual Retainer	Independent Chair / Vice Chair (\$)	Chair Fee (\$)	Audit (\$)	Compensation (\$)	Governance (\$)	Total (\$)
Norman H. Asbjornson	\$65,000	\$—	\$—	\$—	\$—	\$—	\$65,000
Angela E. Kouplen	\$65,000	\$—	\$16,000	\$10,000	\$—	\$—	\$91,000
Caron A. Lawhorn	\$65,000	\$50,000	\$20,000	\$—	\$—	\$9,000	\$144,000
Stephen O. LeClair	\$65,000	\$—	\$—	\$10,000	\$—	\$9,000	\$84,000
A.H. McElroy II	\$65,000	\$83,250	\$16,000	\$—	\$9,000	\$—	\$173,250
David R. Stewart	\$65,000	\$—	\$—	\$10,000	\$—	\$9,000	\$84,000
Bruce Ware	\$65,000	\$—	\$—	\$10,000	\$9,000	\$—	\$84,000

Under the current director's compensation plan, the annual retainer is inclusive of meetings.

We make annual grants of restricted stock awards to non-employee directors in May in conjunction with our annual meeting. In May 2023, each of Ms. Kouplen, Ms. Lawhorn and Messrs. Asbjornson, LeClair, Stewart, Ware and McElroy received restricted stock awards for 1,283 shares of stock, which vest ratably over each member's remaining board term. In addition, directors are subject to equity ownership and retention guidelines, as outlined below in "Stock Ownership and Retention Policy" section.

The following summarizes our non-employee director compensation for 2024:

Director	Fees Earned or Paid in Cash (\$)	Restricted Stock Awards <sup>(1)</sup> (\$)	Stock Options (\$)	All Other Comp. (\$)	Total (\$)
Norman H. Asbjornson	\$65,000	\$97,377 <sup>(3)</sup>	\$—	\$145,106	\$307,483
Angela E. Kouplen	\$91,000	\$97,377 <sup>(2)</sup>	\$—	\$—	\$188,377
Caron A. Lawhorn	\$144,000	\$97,743 <sup>(2)</sup>	\$—	\$—	\$241,743
Stephen O. LeClair	\$84,000	\$97,743 <sup>(2)</sup>	\$—	\$—	\$181,743
A.H. McElroy II	\$173,250	\$98,124 <sup>(2)</sup>	\$—	\$—	\$271,374
David R. Stewart	\$84,000	\$97,743 <sup>(2)</sup>	\$—	\$—	\$181,743
Bruce Ware	\$84,000	\$98,124 <sup>(2)</sup>	\$—	\$—	\$182,124

(1) The values reflect grant date fair value of awards ranging from \$75.90 to \$76.48 per share granted on May 21, 2024. See also, the discussion of assumptions made in valuing these awards in the notes to the Company's financial statements.

(2) As of December 31, 2024, 1,283; 2,463; 2,463; 3,086; 2,463 and 3,086 unvested shares associated with restricted stock awards were outstanding for Ms. Kouplen, Ms. Lawhorn, Mr. LeClair, Mr. McElroy, Mr. Stewart and Mr. Ware, respectively. Non-qualified options have not been granted during his or her term as a Board member.

(3) All other compensation includes payments under Mr. Asbjornson's consulting contract. As of December 31, 2024, 1,283 unvested shares associated with restricted stock awards and 699,589 vested and exercisable non-qualified stock options were outstanding for Mr. Asbjornson.

## COMPENSATION COMMITTEE'S INTERLOCKS AND INSIDER PARTICIPATION

No member of the Compensation Committee is or has been a former or current NEO of AAON or had any relationships requiring disclosure by us under the SEC's rules requiring disclosure of certain relationships and related-party transactions. None of our NEOs identified herein served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity.

## EXECUTIVE SESSIONS

Our Board and Board committees regularly conduct executive sessions with independent directors. Our Independent Chair and Vice Chair preside over each executive session of the independent directors and the committee chairs preside over executive sessions of each of their respective committees.

## COMMUNICATING WITH THE BOARD

Stockholders may communicate with the Board, including the non-management directors, by sending a letter to the Board of Directors of AAON, Inc., c/o Corporate Secretary, 2425 South Yukon Avenue, Tulsa, Oklahoma 74107. The Corporate Secretary has the authority to disregard any inappropriate communications. If deemed an appropriate communication, the Corporate Secretary will submit the correspondence to the Board or to any specific director to whom the correspondence is directed.

## WHISTLEBLOWER PROCEDURES

The Audit Committee has established procedures for the submission of complaints regarding accounting, internal accounting controls, audit and other matters. These procedures include processes for the confidential and anonymous submission of concerns of any such matters by our employees. Our Code of Business Conduct and Ethics prohibits retaliation against employees who report suspected violations of the Code of Business Conduct and Ethics or other misconduct.

# AAON Executive Leadership and Officers

The Executive Leadership team was voted on by the Board of Directors in November of 2024 with Leadership duties effective January 2025. We believe this team-oriented leadership structure, with improved internal processes, will best position AAON to continue to build on its impressive foundation while fostering sustainable, long-term success.

## EXECUTIVE LEADERSHIP

**Gary Fields**

Chief Executive Officer - through May 13, 2025.

**Matt Tobolski**

President and Chief Operating Officer - CEO designate (May 13, 2025)

**Rebecca Thompson**

Chief Financial Officer and Treasurer

**Stephen Wakefield**

Executive Vice President and General Manager, AAON Business Unit

**Matt Shaub**

Executive Vice President and General Manager, BASX Business Unit

**Casey Kidwell**

Chief Administration Officer

**Larry Honel**

Vice President of Manufacturing

**Whitney Wakefield**

Vice President, Manufacturing Support

**Andrew Edmondson**

Vice President, Sales, and Marketing

**Jeremy Hill**

Vice President, Supply Chain

**Chris Eason**

Principal Accounting Officer



# AAON Fellows

In 2024, the AAON Fellows program was founded on thought leadership, technical expertise, and mentorship, that the Company's most knowledgeable experts demonstrate. AAON Fellows is the highest level of recognition of those who shape the strategic direction of AAON, and drive positive change and disruption in the industry. They play a crucial role in strategy, assessing industry trends, and consistently provide valuable insights including:

- Advise executive management and departments on the most advanced technical issues and client requests.
- Guide strategy and activities for major projects, utilizing diverse technical skills impacting the business.
- Act as a field expert and principal advisor, resolving critical issues with professional concepts.
- Apply extensive knowledge of theories, practices, and design to areas of expertise.
- Tackle significant and unique issues requiring expert analysis in our industry.

## Appointed Honorees



**Dave Benson** was appointed and honored as the first AAON Fellow. He co-founded BASX with Matt Tobolski, AAON CEO, and has been a dynamic leader in the HVAC industry for 40 years. He has an unwavering commitment to creating innovative solutions with a diehard focus on delivering to our customers.



**Kevin Teakell** was the second appointed AAON Fellow. For 20 years Kevin was the lead engineer and AAON expert for custom and applied products, leveraging his extensive knowledge to advance the company's capabilities. His career highlights his versatility, expertise, and leadership in HVAC engineering, and the regulatory environment of our industry. Kevin's unmatched experience in

compliance, analyzing regulatory requirements, market trends, engineering design, and product development confirms this well-deserved honor.

# Risk Factors

The following risks and uncertainties may affect our performance and results of operations. The discussion below contains “forward-looking statements” as outlined in the Forward-Looking Statements section above. Our ability to mitigate risks may cause our future results to materially differ from what we currently anticipate. Additionally, the ability of our competitors to react to material risks will affect our future results.

## RISKS RELATED TO OUR BUSINESS

<b>Our business, results of operations and financial condition may be disrupted and adversely affected by public health pandemics.</b>	<p>Our business, results of operations and financial condition may be adversely affected if a public health pandemic interferes with the ability of our employees, suppliers, and other business partners to perform their respective responsibilities and obligations relative to the operations of our business.</p> <p>We monitor the outbreak of any public health pandemic and evaluate the impact on our business as information emerges. The extent to which the impact of a public health pandemic may have on our business, supply chains, and prices of raw materials will depend on future developments, which may be highly uncertain and cannot be predicted.</p>
<b>Our business can be hurt by economic conditions.</b>	<p>Our business is affected by a number of economic factors, including the level of economic activity in the markets in which we operate. Sales in the commercial and industrial new construction markets correlate to the number of new homes and buildings that are built, which in turn is influenced by cyclical factors such as interest rates, inflation, consumer spending habits, employment rates, and other macroeconomic factors over which we have no control. In the HVAC business, a decline in economic activity as a result of these cyclical or other factors typically results in a decline in new construction and replacement purchases which could impact our sales volume and profitability.</p>
<b>Our results of operations and financial condition could be negatively impacted by the loss of one or more major customers.</b>	<p>From time to time in the past, we derived a significant portion of our sales from a limited number of customers, and such concentration may continue in the future. The loss of, or significant reduction in sales to significant customers (or a related portfolio group of customers) could have a material adverse effect on our results of operations, financial condition and cash flow. Further, the addition of new major customers in the future could increase our customer concentration risks as described above.</p>
<b>Our results of operations and financial condition could be negatively impacted by the loss of a major third-party representative.</b>	<p>We are dependent on our third-party representatives to market and sell our products. If such relationships were terminated or impaired for any reason, it could materially and adversely affect our ability to generate revenues and profits. Certain competitors with greater financial resources than us could target our third-party representatives for exclusive sales channels. We may not be able to secure additional third-party representatives who will effectively market our products in certain geographical areas. In addition, adding new representatives requires additional administrative efforts and costs. If we are unable to establish new representative relationships or continue current relationships, or terminate and replace our third-party representatives, our business, financial condition, and results of operations could be materially and adversely affected.</p>
<b>We may incur material costs as a result of warranty and product liability claims that would negatively affect our profitability.</b>	<p>The development, manufacture, sale and use of our products involve a risk of warranty and product liability claims. Our product liability insurance policies have limits that, if exceeded, may result in material costs that would have an adverse effect on our future profitability. An excess of or significant claim(s) could lead to the cancellation of our policies and the loss of and inability to find additional insurance carriers. In addition, warranty claims are not covered by our product liability insurance and there may be types of product liability claims that are also not covered by our product liability insurance.</p>

<p><b>We depend on our officers and senior leadership team and the loss of one or more key employees or an inability to attract and retain highly skilled employees could adversely affect our business.</b></p>	<p>Our success depends largely upon the continued services of our officers and senior leadership team. We rely on our officers and senior leadership team in the areas of research and development, marketing, production, sales, and general and administrative functions. While we have a robust succession plan in place for each one of our officers and senior leadership team members, the loss of one or more could have a serious adverse effect on our business. We do not maintain key-person insurance for officers or any members of our senior leadership team.</p> <p>To mitigate certain business risks of departing executives upon termination, on July 30, 2024, the Board of Directors of the Company, upon the recommendation of the Compensation Committee of the Board of Directors (the “Committee”) approved the adoption of the AAON, Inc. Executive Severance Plan (the “Executive Severance Plan”) to provide financial and transitional assistance following a termination of employment under certain circumstances to certain executive-level employees. Pursuant to the terms of the Executive Severance Plan, in the event an Eligible Executive’s employment is terminated by us without “cause” or by an Eligible Executive for “good reason” (as each such term is defined in the Executive Severance Plan), subject to the execution of a validly executed, irrevocable release of claims, the Eligible Executive will be eligible to receive the certain benefits defined by the Executive Severance Plan.</p>
<p><b>Operations may be affected by natural disasters, especially since most of our operations are performed at a single location.</b></p>	<p>Natural disasters such as tornadoes, ice storms and fires, as well as accidents, acts of terror, infection, and other factors beyond our control could adversely affect our operations. Our facilities are in areas where tornadoes are likely to occur, and the majority of our operations are at our Tulsa, Oklahoma facilities. With the acquisition of BASX in 2021, we now have operations in an area that is historically impacted by wildfires. The effects of natural disasters and other events could damage our facilities and equipment and force a temporary halt to manufacturing and other operations, and such events could consequently cause severe damage to our business. We maintain insurance against these sorts of events; however, this is not guaranteed to cover all the losses and damages incurred. Furthermore, we may experience significant increases in our insurance premium costs in relation to these matters that may have a material adverse effect upon our business, liquidity, financial condition, or results of operations.</p>
<p><b>If we are unable to hire, develop or retain employees, it could have an adverse effect on our business.</b></p>	<p>We compete to hire new employees and then seek to train them to develop their skills. We may not be able to successfully recruit, develop, and retain the personnel we need. Unplanned turnover or failure to hire and retain a diverse, skilled workforce, could increase our operating costs and adversely affect our results of operations.</p>
<p><b>Variability in self-insurance liability estimates could impact our results of operations.</b></p>	<p>We self-insure for certain employee health insurance and workers’ compensation insurance coverage up to a predetermined level, beyond which we maintain stop-loss insurance from a third-party insurer. Our aggregate exposure varies from year to year based upon the number of participants in our insurance plans. We estimate our self-insurance liabilities using an analysis provided by our claims administrator and our historical claims experience. Our accruals for insurance reserves reflect these estimates and other management judgments, which are subject to a high degree of variability. If the number or severity of claims for which we self-insure increases, it could cause a material and adverse change to our reserves for self-insurance liabilities, as well as to our earnings.</p>



## RISKS RELATED TO OUR BRAND AND PRODUCT OFFERINGS

### **We may not be able to compete favorably in the highly competitive HVAC business.**

Competition in our various markets could cause us to reduce our prices or lose market share, which could have an adverse effect on our future financial results. Substantially all of the markets in which we participate are highly competitive. The most significant competitive factors we face are product reliability, product performance, service, manufacturing lead times, and price, with the relative importance of these factors varying among our product line. Other factors that affect competition in the HVAC market include the development and application of new technologies and an increasing emphasis on the development of more efficient HVAC products. Moreover, new product introductions are an important factor in the market categories in which our products compete. Several of our competitors have greater financial and other resources than we have, allowing them to invest in more extensive research and development. We may not be able to compete successfully against current and future competition and current and future competitive pressures may materially adversely affect our business and results of operations.

### **We may not be able to successfully develop and market new products.**

Our future success will depend upon our continued investment in research and new product development and our ability to continue to achieve new technological advances in the HVAC industry. Our inability to continue to successfully develop and market new products or our inability to implement technological advances on a pace consistent with that of our competitors could lead to a material adverse effect on our business and results of operations. Furthermore, our continued investment in new product development may render certain legacy products and components obsolete resulting in increased inventory obsolescence expense that may have a material adverse effect upon our financial condition or results of operations.

## RISKS RELATED TO MATERIAL SOURCING AND SUPPLY

### **We may be adversely affected by problems in the availability, or increases in the prices, of raw materials and components.**

Problems in the availability, or increases in the prices, of raw materials or components could depress our sales or increase the costs of our products. We are dependent upon components purchased from third parties, as well as raw materials such as steel, copper and aluminum. Occasionally, we enter into cancellable and non-cancellable contracts on terms from six to 18 months for raw materials and components. However, if a key supplier is unable or unwilling to meet our supply requirements, we could experience supply interruptions or cost increases, either of which could have an adverse effect on our gross profit.

### **We risk having losses resulting from the use of non-cancellable contracts.**

Historically, we have attempted to limit the impact of price fluctuations on commodities by entering into non-cancellable contracts with our major suppliers for periods of six to 18 months. We expect to receive delivery of raw materials from our contracts for use in our manufacturing operations. These contracts are not accounted for using hedge accounting since they meet the normal purchases and sales exemption. The use of such contracts could cause us to forego the economic benefits we would otherwise realize if prices were to change in our favor. Additionally, should there be a downturn in the market, we could be committed to purchase more materials than necessary for our production and carry excess inventory which could result in additional costs to the business.

## RISKS RELATED TO ELECTRONIC DATA PROCESSING AND DIGITAL INFORMATION

### **Our business is subject to the risks of interruptions by cybersecurity attacks.**

We depend upon information technology infrastructure, including network, hardware and software systems to conduct our business. Despite our implementation of network and other cybersecurity measures, our information technology system and networks could be disrupted due to technological problems, a cyber-attack, acts of terrorism, severe weather, a solar event, an electromagnetic event, a natural disaster, the age and condition of information technology assets, human error, or other reasons. To date, we have not experienced a material impact to our business or operations resulting from cyber-security or other similar information attacks, but due to the ever-evolving attack methods, as well as the increased amount and level of sophistication of these attacks, our security measures may not be adequate to protect against highly targeted sophisticated cyber-attacks, or other improper disclosures of confidential and/or sensitive information. Additionally, we may have access to confidential or other sensitive information of our customers, which, despite our efforts to protect, may be vulnerable to security breaches, theft, or other improper disclosure. Any cyber-related attack or other improper disclosure of confidential information could have a material adverse effect on our business, as well as other negative consequences, including significant damage to our reputation, litigation, regulatory actions, and increased cost.

### **We are reliant on information technology.**

We are reliant on information technology in all aspects of our business, operated and maintained by the Company as well as under control of third parties. If we do not invest sufficient capital in a timely manner to acquire, develop, or implement new information technologies or maintain or upgrade current information technologies, we could suffer outages as well as be at a competitive disadvantage within our industry which could have a material adverse effect upon our financial condition and results of operations.

### **Complications with the design or implementation of our new enterprise resource planning system could adversely impact our business and operations.**

We rely extensively on information systems and technology to manage our business and summarize operating results. We are in the process of implementing a new global enterprise resource planning ("ERP") system. This ERP system will replace our existing operating and financial systems. The ERP system is designed to accurately maintain the Company's financial records, enhance operational functionality and provide timely information to the Company's management team related to the operation of the business. The ERP system implementation process has required, and will continue to require, the investment of significant personnel and financial resources. We may not be able to successfully implement the ERP system without experiencing delays, increased costs and other difficulties. If we are unable to successfully design and implement the new ERP system as planned, our financial positions, results of operations and cash flows could be negatively impacted. Additionally, if we do not effectively implement the ERP system as planned or the ERP system does not operate as intended, the effectiveness of our internal control over financial reporting could be adversely affected or our ability to assess those controls adequately could be delayed.

## RISKS RELATED TO GOVERNMENTAL REGULATION AND POLICIES

### **Exposure to environmental liabilities could adversely affect our results of operations.**

Our future profitability could be adversely affected by current or future environmental laws. We are subject to extensive and changing federal, state and local laws and regulations designed to protect the environment in the United States and in other parts of the world. These laws and regulations could impose liability for remediation costs and result in civil or criminal penalties in case of non-compliance. Compliance with environmental laws increases our costs of doing business. Because these laws are subject to frequent change, we are unable to predict the future costs resulting from environmental compliance.

### **We are subject to potentially extreme governmental regulations and policies.**

We always face the possibility of new governmental regulations and policies, from the Federal or state levels, which could have a substantial or even extreme negative effect on our operations and profitability. This could affect equipment we currently manufacture and could have an impact on our product design, operations, and profitability. We anticipate more state regulatory activity in the future. Additional state regulatory rules can lead to a patchwork of different compliance regulations that may impact the results of each of our operating segments and our consolidated results.

The Dodd-Frank Wall Street Reform and Consumer Protection Act contains provisions to improve transparency and accountability concerning the supply of certain minerals, known as “conflict minerals”, originating from the Democratic Republic of Congo and adjoining countries. As a result, in August 2012, the SEC adopted annual disclosure and reporting requirements for those companies that use conflict minerals in their products. Accordingly, we began our reasonable country of origin inquiries in fiscal year 2013, with initial disclosure requirements beginning in May 2014. There are costs associated with complying with these disclosure requirements, including due diligence to determine the sources of conflict minerals used in our products and other potential changes to products, processes or sources of supply as a consequence of such verification activities. The implementation of these rules could adversely affect the sourcing, supply, and pricing of materials used in our products. As there may be only a limited number of suppliers offering “conflict-free” conflict minerals, we cannot be sure that we will be able to obtain necessary conflict minerals from such suppliers in sufficient quantities or at competitive prices. Also, we may face reputational challenges if we determine that certain of our products contain minerals not determined to be conflict-free or if we are unable to sufficiently verify the origins of all conflict minerals used in our products through the procedures we may implement.

Our operations could be negatively impacted by new legislation as well as changes in regulations and trade agreements, including tariffs and taxes. Unfavorable conditions resulting from such changes could have a material adverse effect on our business, financial condition and results of operations.

### **We are subject to adverse changes in tax laws.**

Our tax expense or benefits could be adversely affected by changes in tax provisions, unfavorable findings in tax examinations, or differing interpretations by tax authorities. We are unable to estimate the impact that current and future tax proposals and tax laws could have on our results of operations. We are currently subject to state and local tax examinations for which we do not expect any major assessments.



<p><b>We are subject to international regulations that could adversely affect our business and results of operations.</b></p>	<p>Due to our use of Representatives in foreign markets, we are subject to many laws governing international relations, including those that prohibit improper payments to government officials and commercial customers, and restrict where we can do business, what information or products we can supply to certain countries and what information we can provide to a non-U.S. government, including but not limited to the Foreign Corrupt Practices Act, U.K. Bribery Act and the U.S. Export Administration Act. Violations of these laws, which are complex, may result in criminal penalties or sanctions that could have a material adverse effect on our business, financial condition and results of operations.</p>
<p><b>Changes in legislation or government regulations or policies could adversely affect our results of operations.</b></p>	<p>Our sales, gross margins and profitability could be directly impacted by changes in legislation or government regulations or policies. Specifically, changes in environmental and energy efficiency standards and regulations related to global climate change are being implemented to curtail the use of hydrofluorocarbons which are used in refrigerants that are essential to many of our products. Our inability or delay in developing or marketing products that match customer demand while also meeting applicable efficiency and environmental standards may negatively impact our results.</p> <p>We completely transitioned to a new refrigerant with lower global warming potential for our HVAC systems which was required by the US EPA for any equipment manufactured beginning January 1, 2025. We incurred costs associated with this transition related to the purchase of the new refrigerant as well as additional sensors and detectors on our HVAC systems. In addition, we incurred cost to our facilities, specifically costs to store and use the new refrigerant in production; however, those costs were not significant. Due to the increased flammability of the new refrigerant, the insurance industry may require higher premiums for companies in the future.</p> <p>New York State released a final rule on December 23, 2024, that requires that we change our products to use refrigerants with a 20-year global warming potential less than 10 beginning January 1, 2034. This will require significant research and development as well as equipment could potentially cost significantly more to build. We expect California and Washington state to release similar rules as well as several other states. Unfortunately, we will likely see a patchwork of different timing and requirements from various states which could increase the options that we will need to offer which could also increase costs.</p> <p>Additionally, regulations that reduce or eliminate the use of fossil fuels such as natural gas and propane may reduce or eliminate sales of gas-fired equipment for which AAON holds a strong market position. This will result in a shift to more air- and water-cooled heat pump-type units to provide space heating. This shift in product line could affect production productivity, material costs and aftermarket warranty costs.</p> <p>Future legislation or regulations relating to environmental policies, product certification, product liability, taxes, amount and availability of tax incentives and other matters, may impact the results of each of our operating segments and our consolidated results.</p>

<p><b>Changes in U.S. or foreign trade policies, including additional tariffs or global trade conflicts, could increase the cost of our products, which could adversely impact the competitiveness of our products.</b></p>	<p>There is currently significant uncertainty about the future relationship between the U.S. and various other countries with respect to trade policies and tariffs. For example, a former U.S. administration previously called for substantial changes to U.S. foreign trade policy with respect to China and other countries, including the possibility of imposing greater restrictions on international trade and significant increases in tariffs on goods imported into the U.S. Other administrations could take a different approach to U.S. foreign trade policy, so there remains uncertainty as to whether trade between the U.S and other countries, including countries in which we operate, may be impacted by these policy shifts. Changes in policy or continued uncertainty could depress economic activity and restrict our access to suppliers or customers. Tariffs implemented on our products (or on materials, parts or components we use to manufacture our products) have in the past increased the cost of our products manufactured in the U.S. and imported into the U.S. If additional tariffs or trade restrictions are implemented on our products (or on materials, parts or components we use to manufacture our products) by the U.S. or other countries, the cost of products manufactured in countries such as China and Mexico and imported into the U.S. or other countries in which we operate could increase further. We expect to continue to pass along some of these costs to our customers, but the increased cost could adversely affect the demand for products. These cost increases could adversely affect the demand for our products and/or our profitability, which could have a material adverse effect on our business and our earnings.</p>
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CLIMATE-RELATED RISKS	
<p><b>As climate change continues to be a challenge across the globe, we recognize there are risks specifically related to climate.</b></p>	<p>There could be stricter regulations on refrigerants, energy efficiency, and the use of fossil fuels. The price of electricity could increase, or our operations could be affected by climate change related weather events and water shortages. These risks could impact the Company on a short-term or long-term basis.</p>

# Conduct and Ethics

We adopted a code of ethics that applies to our principal executive officer, principal financial officer, and principal accounting officer or persons performing similar functions, including directors and other employees.

Training is provided on topics that range from health and safety policies to confidentiality and compliance procedures as it relates to AAON's Code of Business Conduct and Ethics. AAON Contractors are provided AAON's Contractor Code of Conduct. This document covers physical security, PPE, parking, prohibited items, and substance abuse policies at AAON. Each contractor is required to return a signed copy of this document to the AAON Security team.

AAON further commits to maintaining the highest standards of professional conduct with all team members being required to complete a brief mandatory Code of Conduct training. Our code of ethics can be found on our website.

Upon request, AAON will provide a copy of this code of ethics at no cost. Requests can be submitted to the address listed below with attention to AAON Corporate Secretary, or by calling 1-(800)-254-0475.

AAON, Inc.  
2425 South Yukon Avenue  
Tulsa, Oklahoma 74107

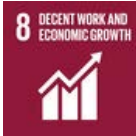

[VIEW CODE OF ETHICS](#)












# Disclosure Index










AAON has reported the information cited in the GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.

Standard	Disclosure Language	2024 Response	Related SDG
THE COMPANY AND ITS REPORTING PRACTICES			
GRI 2-1	Organizational details	AAON, Inc is headquartered in Tulsa, Oklahoma with facilities in Longview, Texas, Parkville, Missouri, Redmond, Oregon and Memphis, TN. The Company is publicly traded on the NASDAQ Stock Exchange.	
GRI 2-2	Entities included in the organization's sustainability reporting	AAON locations in Tulsa, OK, Longview, TX, Parkville, MO, Redmond, OR and Memphis, TN.	
GRI 2-3	Reporting period, frequency and contact point	<a href="#">About This Report</a>	
GRI 2-4	Restatements of information	<a href="#">About This Report</a>	
GRI 2-5	External assurance	At this time, AAON does not have our Sustainability data externally assured	
ACTIVITIES AND WORKERS			
GRI 2-6	Activities, value chain and other business relationships	<a href="#">See Form 10-K</a>	
GRI 2-7	Employees	4,812 team members	
		Gender: Male: 70%, Female: 28.5%, Non-identify: 1%, Non-binary: 0.1%  Ethnicity: White: 37%, Asian: 19.4%, Hispanic: 18.5%, Black or African American: 14.7%, American Indian or Alaska Native: 3.1%, Native Hawaiian or Pacific Islander: 2.8%, Two or more races: 2.1%, Unspecified 2.4%.	
GOVERNANCE			
GRI 2-9	Governance structure and composition	<a href="#">Governance</a>	
GRI 2-10	Nomination and selection of the highest governance body	<a href="#">Director Nominations</a>	
GRI 2-11	Chair of the highest governance body	<a href="#">Governance</a>	
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">Risk Oversight</a>	
GRI 2-13	Delegation of responsibility for managing impacts	<a href="#">Risk Oversight</a>	
GRI 2-14	Role of the highest governance body in sustainability reporting	<a href="#">Sustainability Management Structure</a> and <a href="#">Risk Oversight</a>	
GRI 2-15	Conflicts of interest	<a href="#">Code of Business Conduct and Ethics</a>	
GRI 2-16	Communication of critical concerns	<a href="#">Whistleblower Procedures</a> and <a href="#">Code of Business Conduct and Ethics</a>	




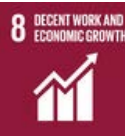


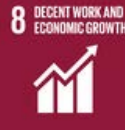

Standard	Disclosure Language	2024 Response	Related SDG
GRI 2-17	Collective knowledge of the highest governance body	<a href="#">Board Diversity</a>	
GRI 2-18	Evaluation of the performance of the highest governance body	<a href="#">Board Leadership Structure</a>	
GRI 2-19	Remuneration policies	<a href="#">Audit Committee</a> , <a href="#">Compensation Committee</a> , and <a href="#">Director Compensation</a>	
GRI 2-20	Process to determine remuneration	<a href="#">Audit Committee</a> , <a href="#">Compensation Committee</a> , and <a href="#">Director Compensation</a>	
GRI 2-21	Annual total compensation ratio	The ratio of the annual total compensation of our CEO to the median of the annual total compensation to all other employees for 2024 was 81.83 to 1.	
<b>STRATEGY, POLICIES, AND PRACTICES</b>			
GRI 2-22	Statement on sustainable development strategy	<a href="#">Environmental Responsibility</a>	
GRI 2-23	Policy commitments	<a href="#">Human Rights Policy</a> and <a href="#">Conduct and Ethics</a>	
GRI 2-26	Mechanisms for seeking advice and raising concerns	<a href="#">Whistleblower Procedures</a> and <a href="#">Code of Business Conduct and Ethics</a>	
GRI 2-27	Compliance with laws and regulations	<a href="#">Conduct and Ethics</a>	
GRI 2-28	Membership associations	Air-Conditioning, Heating and Refrigeration Institute (AHRI), American Society of Heating, Air-Conditioning, and Refrigeration Engineers (ASHRAE), Business Roundtable, US Chamber of Commerce, State Chamber of Oklahoma, Longview Chamber of Commerce, National Association of Manufacturers, Redmond Chamber of Commerce, Bend Chamber of Commerce, Parkville Chamber of Commerce, Tulsa Regional Chamber of Commerce, Women in Manufacturing	
<b>STRATEGY, POLICIES, AND PRACTICES</b>			
GRI 2-29	Approach to stakeholder engagement	<a href="#">Materiality</a> and <a href="#">Stockholder Engagement</a>	





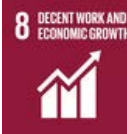


Standard	Disclosure Language	2024 Response	Related SDG
<b>DISCLOSURES ON MATERIAL TOPICS</b>			
GRI 3-1	Process to determine material topics	<a href="#">Materiality</a> and <a href="#">Stockholder Engagement</a>	
GRI 3-2	List of material topics	<a href="#">Materiality</a> and <a href="#">Stockholder Engagement</a>	
GRI 3-3	Management of material topics	<a href="#">Materiality</a> and <a href="#">Stockholder Engagement</a>	
<b>ECONOMIC PERFORMANCE</b>			
GRI 201-1	Direct economic value generated and distributed	<a href="#">See Form 10-K</a>	 
GRI 201-2	Financial implications and other risks and opportunities due to climate change	<a href="#">Climate Related Risks</a>	 
<b>ANTI-CORRUPTION</b>			
GRI 205-1	Operations assessed for risks related to corruption	<a href="#">Risk Factors</a> and <a href="#">Risk Oversight</a>	



Standard	Disclosure Language	2024 Response				Related SDG	
ENERGY							
GRI 302-1	Energy consumption within the organization	Energy Use By Source	2024	2023	2022	2021	<div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div></div></div> <div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div>
		Purchased Electricity (MWh)	43,430	44,230	40,205	38,677	<div><div>13 CLIMATE ACTION</div><div></div></div>
		Natural Gas (MMBTU)	55,694	19,338	45,313	25,525	
GRI 302-3	Energy intensity	<a href="#">Energy</a>				<div><div>13 CLIMATE ACTION</div><div></div></div>	
GRI 302-4	Reduction of energy consumption	<a href="#">Energy</a>				<div><div>13 CLIMATE ACTION</div><div></div></div>	
GRI 302-5	Reductions in energy requirements of products and services	<a href="#">AAON Product Solutions</a>				<div><div>13 CLIMATE ACTION</div><div></div></div>	
WATER							
			2024	2023	2022	2021	
GRI 303-3	Water withdrawal	Total Water Withdrawal in GAL	11,941,237	14,158,275	14,158,275	14,384,400	<div><div>6 CLEAN WATER AND SANITATION</div><div></div></div> <div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div></div></div> <div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div>

Standard	Disclosure Language	2024 Response				Related SDG	
EMISSIONS							
			2024	2023	2022	2021	<div><div>3 GOOD HEALTH AND WELL-BEING</div><div>14 LIFE BELOW WATER</div></div>
	Scope 1 & 2 Emissions						<div>15 LIFE ON LAND</div>
GRI 305-1 & 2	The Emission calculations include: Tulsa OK, Parkville MO, Longview TX, and Redmond OR facilities. The 2020 emissions baseline is 19,366 Mt	Scope 1 & 2 Emissions	25,937 Mt	20,292 Mt	19,065 Mt	18,837 Mt	
GRI 305-5	Reduction of GHG emissions	<a href="#">Environmental Responsibility</a>					
WASTE							
GRI 306-1	Waste generation and significant waste-related impacts	<a href="#">Waste</a>					
GRI 306-2	Management of significant waste-related impacts	<a href="#">Waste</a>					
GRI 306-3	Waste generated	<a href="#">Waste</a>					
GRI 306-4	Waste diverted from disposal	<a href="#">Waste</a>					
EMPLOYMENT							
GRI 401-1	New employee hires and employee turnover	New Hires: 2,243, Turnover: 28%					
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<a href="#">Team Member Benefits</a>					<div>3 GOOD HEALTH AND WELL-BEING</div>
GRI 401-3	Parental leave	<a href="#">Parental Leave Policy</a>					

Standard	Disclosure Language	2024 Response	Related SDG
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
GRI 403-1	Occupational health and safety management system	<a href="#">Workplace Safety</a>	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	<a href="#">Workplace Safety</a>	
GRI 403-3	Occupational health services	<a href="#">Workplace Safety</a>	 
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	<a href="#">Workplace Safety</a>	
GRI 403-5	Worker training on occupational health and safety	31,176 hours	 
GRI 403-6	Promotion of worker health	<a href="#">Workplace Safety</a>	
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">Workplace Safety</a>	
GRI 403-8	Workers covered by an occupational health and safety management system	<a href="#">Workplace Safety</a>	
GRI 403-9	Work-related injuries	TRIR 4, Fatalities 0, NMFR 167	

Standard	Disclosure Language	2024 Response	Related SDG
<b>TRAINING AND EDUCATION</b>			
GRI 404-1	Average hours of training per year per employee	<a href="#">Employee Training</a>	  
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Employee Training</a> and <a href="#">Career Development</a>	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	100% of active employees in 2024	
<b>INCLUSION AND ENGAGEMENT</b>			
GRI 405-1	Diversity of governance bodies and employees	<a href="#">Inclusion and Engagement</a> and <a href="#">Governance</a>	 
<b>LOCAL COMMUNITIES</b>			
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	<a href="#">Corporate Social Responsibility</a>	 



## SASB DISCLOSURE

Topic	Code	Response
WORKFORCE HEALTH AND SAFETY	SASB RT-IG-320a.	TRIR 4, Fatalities 0, NMFR 167
MATERIALS SOURCING	SASB RT- IG-440a.1	<a href="#">Conflict Minerals</a>
ENERGY MANAGEMENT	SASB RT- IG-130a.1	<div> <div> (1) Total energy consumed  (2) percentage grid electricity  (3) percentage renewable </div> <div> 210,436.54 GJ  100%  36% </div> </div>
HAZARDOUS WASTE MANAGEMENT	SASB RT-EE-150a.1	<a href="#">Environmental Responsibility</a>
BUSINESS ETHICS	SASB RT-EE-510a.1	<a href="#">Conduct and Ethics</a>
ACTIVITY METRICS – NUMBER OF EMPLOYEES	SASB RT-EE-0000.b RT-IG-000.b	In 2024 the workforce was 4,812



## TCFD

### GOVERNANCE

Disclose the organization's governance around climate-related risks and opportunities

- a. Describe the board's oversight of climate-related risks and opportunities

[Risk Oversight](#) and [Sustainability Management Structure](#)

- b. Describe management's role in assessing and managing climate-related risks and opportunities

[Risk Factors](#)

### STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material

- a. Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term

[Climate Related Risks](#)

### RISK MANAGEMENT

Disclose how the organization identifies, assesses, and manages climate-related risks

- a. Describe the organization's processes for identifying and assessing climate-related risks





[Risk Factors](#) and [Risk Oversight](#)

### METRICS AND TARGETS

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions

[GRI Content Index](#)

## UN GLOBAL COMPACT PRINCIPLES

	Principle	Description	AAON Report
<b>HUMAN RIGHTS</b> 	Principle 1	Support and respect the protection of internationally proclaimed human rights	<a href="#">Human Rights Policy</a>
	Principle 2	Exclusion of human rights abuses	<a href="#">Human Rights Policy</a>
<b>LABOR</b> 	Principle 3	Uphold the freedom of association and the effective recognition of the right to collective bargaining	<a href="#">Human Rights Policy</a>
	Principle 4	The elimination of all forms of forced and compulsory labor	<a href="#">Human Rights Policy</a>
	Principle 5	The effective abolition of child labor	<a href="#">Human Rights Policy</a>
	Principle 6	The elimination of discrimination in respect of employment and occupation	<a href="#">Human Rights Policy</a>
<b>ENVIRONMENT</b> 	Principle 7	Support a precautionary approach to environmental challenges	<a href="#">Environmental Responsibility</a>
	Principle 8	Undertake initiatives to promote greater environmental responsibility	<a href="#">Environmental Responsibility</a>
	Principle 9	Encourage the development and diffusion of environmentally friendly technologies	<a href="#">Products</a>
<b>ANTI-CORRUPTION</b> 	Principle 10	Work against corruption in all its forms including extortion and bribery	<a href="#">Code of Business Conduct and Ethics</a>