

**Bestair Group OÜ**

**ESG and Sustainability Strategy**

**2024 - 2030**



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## Definitions

**ESG** (Environmental, Social and Governance) - environmental, social and corporate governance sustainability issues.

**Bestair Group** - Bestair Group OÜ and its subsidiaries.

**SDG 2030** (Sustainable Development Goals) - The Sustainable Development Goals (SDGs) are a global set of universal goals and indicators that call for ending poverty, combating climate change and inequality, and ensuring a good quality of life for all. The SDGs were adopted at the 2015 World Summit on Sustainable Development by 193 UN member states.

## ESG and the Sustainable Development Goal

The ESG and Sustainability Strategy aims to integrate environmental, social, and governance principles into our day-to-day operations and to provide customers and partners with sustainable climate solutions that support energy efficiency and environmental friendliness.

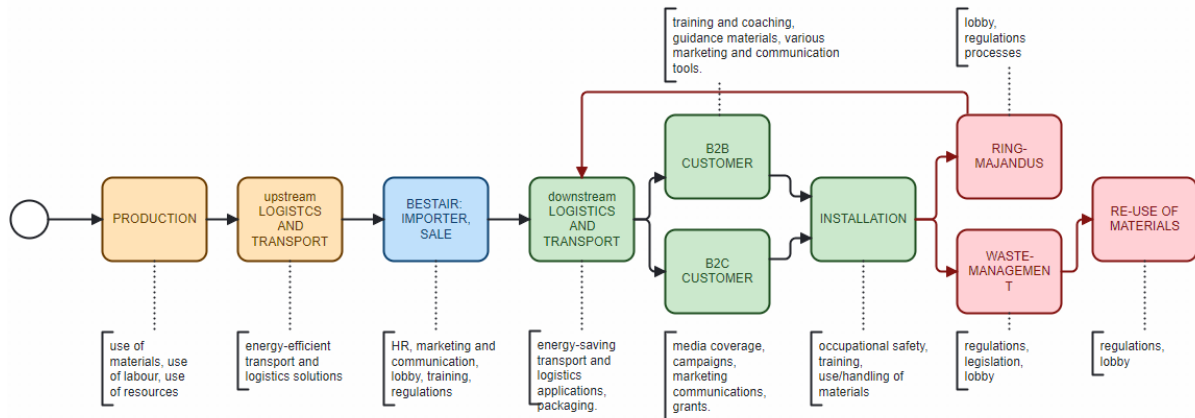
Accordingly, we have ranked the scope and focus areas of the ESG and Sustainability Strategy, covering ESG issues across the value chain that are important to our business:

- Improve understanding of ESG issues in day-to-day management and operations;
- To equip us with the principles that underpin the movement towards our ESG goals;
- Provide a framework for our role in society, focusing on key ESG impacts, risks and opportunities across the value chain.

## Bestair Group Service Lifecycle

The Bestair Group service lifecycle diagram below highlights our options for implementing ESG principles in different colors.

- **In green** are the stages of the lifecycle where we can immediately start to implement the principles and where the opportunities to contribute are most tangible.
- **In red**, we have highlighted the stages of the life cycle that are our opportunities in the longer term, which are higher impact processes and require more time and cross-sectoral collaboration.
- **Yellow** indicates the early stages of the life cycle, where Bestair Group as an importer cannot yet intervene to a significant extent today.



**Figure 1:** Bestair Group service lifecycle

## ESG and sustainability **strategy stakeholders**

Our ESG and Sustainability Strategy also takes into account the impacts, risks and opportunities associated with our key stakeholders. Below we set out the most important stakeholders from our business perspective, why they are important to us and how they affect us:

- **Employees:** the key drivers of our success and growth, whose satisfaction and motivation are directly linked to the achievement of our shared goals.
- **Customers:** both retail and wholesale customers, who are our main revenue base. Their satisfaction and trust are the foundation for long-term success.
- **Suppliers:** ensure the availability of the necessary resources and products, directly affecting the quality and efficiency of our services.
- **Investors:** provide financial support, expect profitability and influence our financial strategy and development plans.
- **Legislators:** set the legal framework for business, ensuring a fair and ethical business environment.
- **Media:** shape the sector and our reputation and brand, influencing public opinion and investor confidence.

## Our ESG and sustainability **vision and ambition**

Our corporate ESG and sustainability vision and ambition is aligned with the Bestair Group's newly renewed mission and vision. It clearly expresses our ambition to be a leading force in environmental responsibility and social sustainability in our industry:

To be the most trusted and progressive provider of climate solutions in the Nordic markets and a pioneer in our field, with activities and solutions that help to increase our and our customers' social responsibility and together create a better living environment, saving energy and time.

Our ambition goes beyond simple business - we want to inspire others to follow our example and create a truly sustainable future.

**The overarching goal of our corporate ESG and sustainability strategy is to increase the share of our sales accounted for by the highest energy class, A+++, by 10% per year.**

## ESG impacts, risks and opportunities affecting our business

Based on the ESG and sustainability impacts of our business, as well as the risks and opportunities for our business strategy (i.e. the principle of duality), we have mapped the ESG issues that are important for us and divided the feasibility in time into two parts:

### Immediate actions:

- **Climate change mitigation.** Climate change is a global problem with significant impacts on both the environment and the economy. The Bestair Group's core business, through the promotion of heat pump sales, is to promote the sale of technologies that reduce environmental impact, reduce carbon emissions and increase energy efficiency. In addition, this includes the development and implementation of sustainable solutions to reduce our ecological footprint.
- **Your staff.** Our employees are our most important resource, so it's important to ensure their well-being, development and job satisfaction. Investing in employee training, diversity and inclusion helps to create a motivated and engaged workforce. It also helps to reduce staff turnover and boosts productivity and reputation, as the specific know-how of our sector is expensive and of growing value over time.
- **Responsible marketing and branding.** Essential to ensure that our products and services meet high social and ethical standards and that our communications reflect our commitment to sustainability. This will help maintain customer trust and loyalty and protect our reputation. It can also create opportunities for new customers and market segments that value sustainable businesses.

### Achievable objectives in the long term (3-5 years):

- **Waste management.** Waste management is an important environmental issue, as inefficient waste management can have a negative impact on both nature and society as a whole. Our aim is to reduce waste generation and environmental pollution in the heat pump sector in general. We are therefore taking a leading and pioneering role to start creating processes for a circular economy and material recovery. This can also lead to cost savings and new business opportunities in the circular economy and materials recovery.
- **Political activity.** We see the potential for political lobbying in our field to raise awareness of the importance of the sector and the way forward. Political activism can influence the business environment through laws, regulations and policy decisions. While it is important to monitor and participate in political processes to ensure our business interests and environmental objectives are met, this is not our main focus today as political factors can be unstable and unpredictable.

## Our contribution to the global Sustainable Development Goals (SDGs)

On 25 September 2015, the United Nations Summit adopted the Global Sustainable Development Goals (SDGs) and the 2030 Agenda for Action. Of these 17 global SDGs, we have chosen to focus primarily on the five UN Sustainable Development Goals (SDGs), which we have the greatest influence to help achieve. The SDGs will provide a focused framework for our work and pledges as we move towards a more sustainable future.



### SDG 7: Affordable and clean energy

Our heat pump business responds directly to this goal by providing environmentally friendly and energy efficient solutions that support the transition from fossil fuels to renewable energy sources. Heat pump technology is key to providing affordable, reliable and sustainable energy for all, helping to alleviate energy access problems and increase independence from fossil fuels.



### SDG 9: Industry, innovation and infrastructure

The digitalisation of the Group's installation company KliimaExpress and the drive towards a paperless office support innovation and sustainable infrastructure. This approach promotes innovation and helps to create a more sustainable infrastructure, significantly reducing paper use and increasing the efficiency of our operations.



### SDG 12: Responsible consumption and production

Responsible corporate marketing and communication, and increasing the share of the highest energy labelled products in the company's portfolio, will support the efficient use of resources.



### SDG 13: Climate action

Through our core business activities, we focus on reducing CO2 emissions and mitigating the impacts of climate change. This approach demonstrates our commitment to protect the environment and promote sustainability.



## SDG 17: Partnering to achieve the Goals

Regular training of partners and collaboration with other organisations to achieve the SDGs. This Goal supports the strong partnerships and collaboration that are essential to achieving all the Goals.

## Our ESG and Sustainability Guiding Principles

Looking at the company's guiding principles through the lens of environmental, social and governance (ESG) aspects reveals a picture of the company's commitment to sustainability and responsible business practices. The following is an overview of how the Bestair Group integrates ESG structures into its day-to-day operations, thereby supporting environmental protection, social well-being and transparent governance.

### Environmental issueses

#### 1. Climate change mitigation

Our commitment to environmental sustainability is reflected in all our actions and decisions. We aim to actively contribute to climate neutrality through our activities and products. This includes reducing carbon emissions, using renewable energy, promoting energy efficient solutions and implementing innovative measures to reduce our carbon footprint.

##### To do this, we will focus on:

- Optimising logistics and transport solutions to reduce our carbon footprint.
- We will direct resources and investment towards renewable energy and reusable packaging in transport where possible.
- We will take a more prominent role in raising customer awareness of environmentally friendly choices and practices. We will highlight the environmental benefits of heat pumps and their importance in the fight against climate change.

#### 2. Waste management

The sector lacks processes for circular economy and waste management, and the recycling and disposal of equipment is poorly organised, making end-of-life equipment a burden and a threat to the environment.

##### To this end, we focus on:

- Taking greater responsibility for the use phase and end-of-life of heat pumps, aiming to reduce waste and increase recycling, with a particular focus on equipment and materials recovery and reuse.
- We will take greater responsibility in the dismantling of heat pumps to collect and recycle hazardous F-gases.

- We will actively work towards finding solutions to improve equipment recovery and waste management practices in the sector, thereby reducing emissions of environmentally hazardous substances.

## Social issues

### 1. Our Employees

Employees are the foundation for the future success and long-term value creation of our organisation. We are committed to being the most attractive employer in our sector by creating a working environment that fosters flexibility, inclusiveness and offers rich development opportunities for both current and new employees.

#### That's what we focus on:

- **Employee development and training:** we systematically deliver training programmes covering not only professional skills but also health and safety issues to support the continuous development of employees and ensure their well-being.
- **Work-life balance:** we strive to continuously improve and modernise the working environment to enable our employees to achieve a better work-life balance.
- **Recognition and motivation:** We implement a range of incentives and motivators that value and recognise the contribution of our existing employees, including health and safety initiatives.
- **Implementing a single low hierarchy:** In our organisational structure, we favour a low hierarchy to emphasise the importance of individual responsibility and initiative of each employee, thereby encouraging open dialogue and exchange of ideas.

### 2. Social responsibility

The long-term success of our company is directly linked to the provision of products and services of impeccable quality, with sustainability and environmental sustainability at their core. We provide consumers and end-users with responsible and environmentally friendly products and services that aim not only to meet but also to exceed their expectations.

#### To do this, we focus on:

- **Awareness raising and education:** we conduct customer awareness campaigns and training to raise awareness of sustainable indoor climate solutions, encouraging customers to make greener choices.
- **Building confidence:** We will develop and implement strategies to increase customer confidence in heat pumps as one of the most efficient and sustainable indoor climate solutions. Töötame välja ja rakendame strateegiaid, et suurendada klientide usaldust soojuspumpade vastu kui ühte kõige efektiivsemasse ja jätkusuutlikumasse sisekliimalahendusse.



## Topics related to governance and business conduct

### 1. Political activism.

Political activism can influence the business environment through laws, regulations and policy decisions. It is important to monitor and participate in political processes to ensure that our business interests and environmental objectives are safeguarded.

#### **We focus on:**

- Influencing legislation and policy on climate change and sustainability.
- We work closely with a range of external stakeholders to share accountability and carry out advocacy, which in turn will contribute to greater change to raise awareness.
- We take seriously our commitment to anti-corruption, avoidance of conflicts of interest and transparency in all business activities. Our aim is to ensure responsible, sustainable and transparent business practices throughout the value chain.

Through these actions, we will create a strong foundation for promoting social responsibility and sustainability in all aspects of our business, ensuring a long-term positive impact for our employees, customers and wider society.

## Governance, implementation and public disclosure of ESG and sustainability strategy

### **Linkage with other strategies and integration into business processes**

Our ESG and sustainability strategy is carefully integrated with the company's other strategic directions, including international standards and agreements such as ISO 9001 and ISO 14001, as well as the Equality Agreement, thus ensuring a coherent approach to corporate governance. We integrate ESG principles directly into our business processes, seeing them as an opportunity to drive change and innovation in the company. We embed ESG factors in our day-to-day operations, management, recruitment processes and strategy development, including related internal policies:

- Human Resources Policy
- Introductory guide to safety at work
- Remuneration policy

### **Implementation and review of the strategy, its updating**

The structure for implementing the strategy involves the Board of Directors and the Supervisory Board, as well as a number of key individuals and departments within the company. The heads of HR, Marketing, Retail, Wholesale and Logistics are each responsible for achieving their own specific ESG objectives.

We are actively working to raise employee awareness of ESG and sustainability strategy through regular training and awareness campaigns. This contributes to employee engagement and commitment to the company's sustainability objectives.

The strategy will be reviewed and updated as necessary on a regular basis, but no less frequently than once a year, by the member of the Management Board responsible for ESG. The ESG policy and any changes to it shall be approved by the Board of Directors of Bestair Group OÜ.

### Disclosure and reporting

Our commitment to transparency is reflected in the regular disclosure of our ESG and Sustainability Strategy and the progress in its implementation. We share this information with the company's employees, owners, investors and partners, ensuring that all stakeholders have a clear overview of our efforts and achievements in this area.

### Those responsible for ESG

ACTIVITY	RESPONSIBLE
Member of the management body with ultimate responsibility for ESG oversight	Member of the Board of Directors responsible for ESG strategy of Bestair Group
Member of the Governing Body responsible for overseeing day-to-day ESG activities	Managers of Bestair Group subsidiaries
Employee responsible for day-to-day external communication on environmental and social issues and contact person for public inquiries	Member of the Management Board responsible for HR and Marketing of Bestair Group

### Version fixes

Our ESG and Sustainability Strategy is a living document that evolves with new knowledge, technologies and best practices.

The ESG and Sustainability Strategy has been endorsed by the Bestair Group Board of Directors.

**Version:** 1, 02.04.2024

