

# ESG BROCHURE







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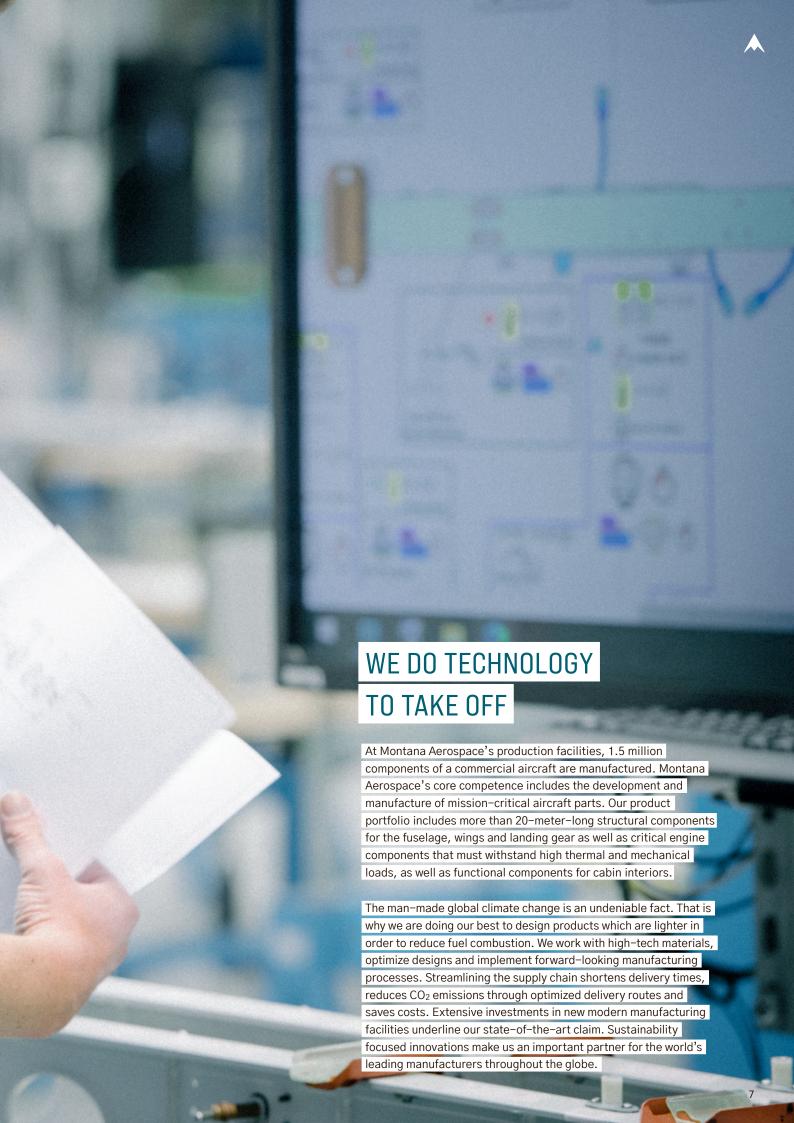
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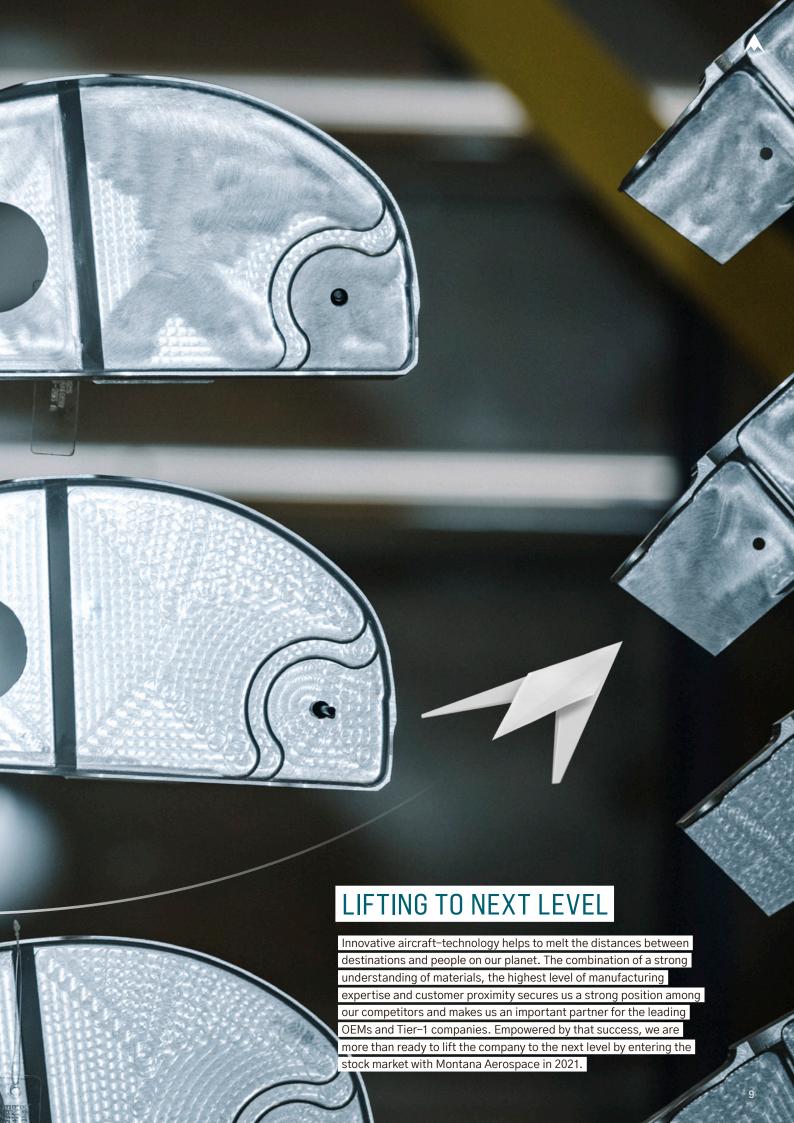
# OUR VISION IS OUR MISSION

With experience, a spirit of innovation and the highest standards, Montana Aerospace develops tomorrow's forward-looking technologies and sets new impulses in the fields of aviation, e-mobility and energy. The products and solutions are based on many years of materials expertise, development and design skills, and are used whereever the highest quality, resilience and reliability are required.

MONTANA AEROSPACE MONT AEROS









"As leaders we have to support the development of the employees working in our companies and therefore develop the systems that support and drive the development of them and therefore of our surrounding and environment."

**Silvia Buchinger,** CHRO



ENVIRONMENT SOCIAL RESPONSIBILITY GOVERNANCE



### 3 MEANINGFUL LETTERS

Our ESG rationale is derived from industry-specific as well as globally valid concepts based on the three key pillars of environment, social responsibility and governance.

### **Environment**

The global challenge consists of limiting climate change and protecting the planet here and now, and for future generations.

We must be prudent with the energy and water we use, and careful with the waste we produce. A common strand of our environmental impact initiative is reducing the use of resources and shifting to more sustainable resources. The fundamental strategy we pursue of vertical integration helps us limit transport distances and enables us to recycle our aluminum, thereby massively decreasing our  $CO_2$  emissions.

### **Social Responsibility**

We aim to ensure that our lives are safe and rewarding.

We will continue to make our Montana Aerospace family a respectful, safe and appealing workplace. We all deserve to be part of a team that fosters diversity, equality and inclusion. At Montana Aerospace, we engage with our local communities in a meaningful way.

### Governance

We are committed to our ideals and work hard to promote them.

We are clear about the values and ethics that form the basis of our global culture. We live in societies that require compliance, and we go one step further by requiring our suppliers to adopt the same principles.



### ESG AT MONTANA AEROSPACE

The growing importance throughout the world of environmental, social repsonsibility and governance factors (ESG) is reflected in the corporate philosophy of Montana Aerospace. We believe that the integration of ESG goals and commitments into our growth strategy is essential for our success – now and in the future.

The diversity of our workforce, products and services and the uniquely globalized footprint of the aerospace, e-mobility and energy segments are creating new challenges, responsibilities but also opportunities. While we are aware that we have a long way to go, yet we also believe that we are among the ESG leaders in our industry.

With our coordinated "ONE Montana Aerospace" approach, we have started bringing together all of the elements of our ESG policy into one program. This program will create substantial benefits for all stakeholders: **employees, communities, customers, suppliers and investors.** 

### Employees and communities ...

proud to be associated with Montana Aerospace

### Customers ...

who recognize their responsibility, and the role we play in helping them

### Suppliers ...

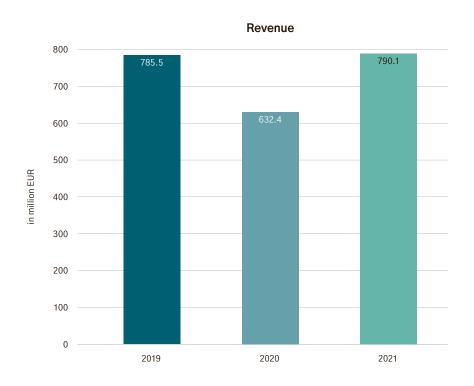
that want to do business with a leader in global citizenship and have a similar set of values and behavior

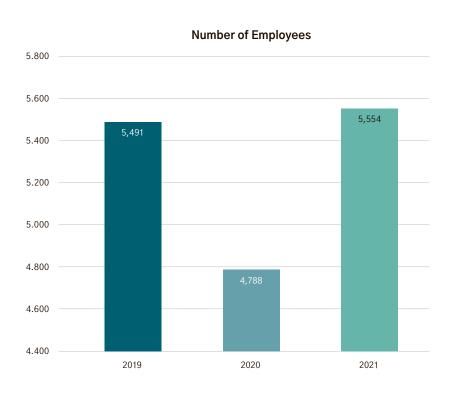
#### Investors...

who are pleased with our stewardship of their trust



Keeping in mind our business growth aspirations, our performance in ESG matters will clearly be measured relative to key indicators of our manufacturing activity, particularly revenue and employees.







### **ESG RELEVANT SITES**

World map of the countries in which our activities promote ESG benefits (ESG-friendly sites)



### **ESG RELEVANCE**

# of sites: 22 # of sites per country in brackets







~3,000

### **EUROPE**

Austria (3)
Bosnia and Herzegovina (1)
Germany (1)
Italy (1)
Romania (4)
Switzerland (2)
UK (1)



~1,000 ASIA

> China (1) India (1) Vietnam (1)



"Our unique global footprint creates diversity, opportunity and accountability."

Kai Arndt,



# SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS

Fundamental to our ESG program is the recognition of the UN's Sustainability Goals (SDGs), which are relevant for the business operations of Montana Aerospace. Our global ESG team and management identified the following areas in which we believe our company can play an important role.





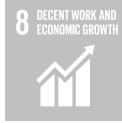




































### **Quality Education**

Ensuring inclusive and equitable quality education, and promoting lifelong learning opportunities.

For us, this means training and educating our employees globally and creating opportunities for students and organizations to engage with Montana Aerospace.



### **Gender Equality**

Achieving gender equality and empowering women and girls.

We promote gender equality by offering development and career opportunities to women through our employment and workplace policy, and promoting women to leadership roles.



### Industry, Innovation and Infrastructure

Building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation.

Montana Aerospace invests globally not only to achieve growth, but also to improve sustainability and the efficient use of resources in all of our processes. Our innovations help our customers prosper and improve their own businesses.





### **Reducing Inequality**

### Reducing inequality within and among countries

Montana Aerospace's manufacturing strategy in Europe, Asia and the Americas makes it possible to create opportunities for developing nations.



### **Responsible Consumption and Production**

### Ensuring sustainability in consumption and production patterns

Our special efforts in recycling and the re-use of materials enables Montana Aerospace to advance the circular economy. We reduce waste while adopting sustainable and responsible practices.



### **Climate Action**

### Taking urgent action to combat climate change and its impacts

The industries we operate in face significant challenges but there are also opportunities to reduce their impact on the climate – and we facilitate these directly and indirectly.



### OVERVIEW OF OUR STRATEGY

Our ESG strategy overcomes the challenges that our aerospace, e-mobility and energy operations face, and covers all economies and communities in Europe, the Americas and Asia. Our vertical integration policy creates benefits for our stakeholders that can be developed further by all business units by addressing the topics we have defined in our nine-point plan:

- 1. Climate, Energy, CO2
- 2. Water
- 3. Waste
- 4. Health and Safety
- 5. Diversity, Equality, Inclusion
- 6. Community Engagement
- 7. Statutory compliance
- 8. Values and Ethics
- 9. Supply Chain

Recognizing that the definition, implementation and continuous development of our program is a journey in itself, we have identified the main steps that need to be taken by the teams set up for this purpose in each business unit.



In the sections that follow, we will outline the progress achieved with our "One Montana Aerospace" strategy, which is based on the collection of standardized data to create a baseline to achieve a common understanding.

Diversity creates opportunity. Sharing achievements throughout the Montana Aerospace Group with respect to the ESG criteria permits us to incentivize activities in all areas including energy, health and safety, community engagement, compliance, values and ethics.

The progress achieved internally will be enhanced by expanding the reach to our supply chain later this year. We are aware of the enormous responsibility we have in the procurement of commodities and of our ability to improve and develop sustainable practices.



# ESG ENVIRONMENT

### Climate, Energy, CO<sub>2</sub>

Our efforts aim to make the aerospace industry greener and achieve a supply chain that is environmentally less harmful by improving logistics and reducing the consumption of resources in the production cycle. With this philosophy in mind, we believe that being as energy efficient as possible is a first step towards net zero emissions, the ultimate goal for us as a company.

We believe it is our duty to be a role model and development leader for the industry given the extensive scope of our vertical integration. This also gives us a competitive advantage that we can leverage to further strengthen our leading position in the market.

### Significant reduction of $CO_2$ emissions by streamlining logistic chains through vertical integration:

Our one-stop-shop strategy shortens delivery routes and reduces logistical expenses to a minimum. The concept 'from raw material to ready-to-install product – one-stop-shop' significantly reduces  $\mathrm{CO}_2$  emissions compared to conventional manufacturing concepts.

# TITANIUM SEAT TRACK A direct comparison of a conventional non-integrated supply chain with Montana Aerospace's highly integrated one, using the example of a "Titanium Seat Track", which represents the fastening element for passenger seats, clearly shows that the one-stop-shop model creates tremendous benefits for our customers. -5 suppliers The number of suppliers decreased from 7 to 2

-15,000 km

The transport routes shortened from 17,000 km to 2,000 km

### -50 weeks

Delivery time is shortened from 60 to 10 – 12 weeks

-460t tons

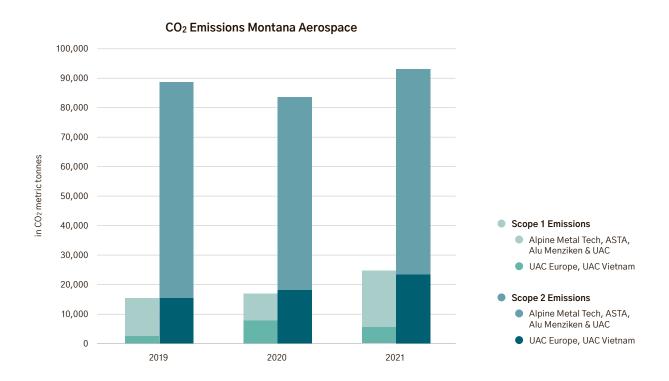
 $CO_2$  footprint is reduced by ~60%



### Strict and standardized ESG measurement

Strict and standardized ESG measurement guidelines help us attain our targets and are also supportive of the design and construction of new and improved machines.

As a vertically-integrated single point of contact for our customers, we supply the entire range from raw materials to finished assemblies. Therefore, our direct emissions are not comparable to those of our peers who outsource and transport raw materials and processes to downstream and upstream providers. In the chart below, we have highlighted Scope 1 and Scope 2 data we believe to be comparable to other companies that produce aerostructures without the benefits of our "One Montana Aerospace" strategy. For 2022, it is envisaged to extend our Scope 2(&3) emissions reporting to better reflext third party emissions.



While it is clear that just like everyone else in the entire industry we need to ramp up our efforts in this respect, we have already implemented several emissions—cutting projects at our locations worldwide. We launched several emissions—reducing projects that enable us to grow greener and more sustainably. These projects included increasing the number of solar panels used at our plants as well as thermal incineration installations.



### We are implementing numerous local projects with a collective global impact.

#### **Austria**

We installed a thermal incineration plant, as it has become very clear that we need to reduce emissions to a minimum in the future. This not only makes it possible to maximize environmental benefits as production lines can now be heated individually, but also translates into a financial improvement in terms of long-term cost reductions. This year, a new production enameling line will be added, thereby reducing emissions sharply compared to the current technology leader in the field of enameling machines.

#### Romania

We are particularly proud of our team in Romania for the development of a solid  $CO_2$  emissions reducing strategy, which also enabled us to obtain a EUR 1.6 million government grant. The government funding was obtained by demonstrating that the use of renewable energy (51% of total energy consumption) helped us reduce our  $CO_2$  emissions to levels significantly lower than the standards defined by EU regulations.

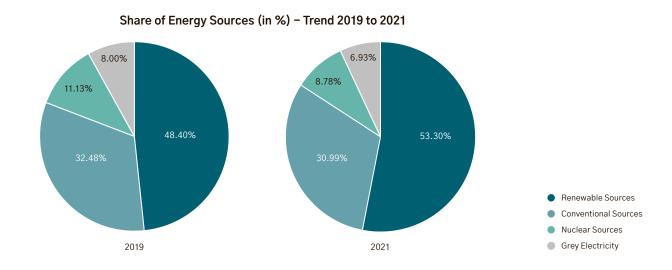
#### Vietnam

We have more than 30,000 m² of roof space available for solar power installations. We are currently engaged in discussions with several solar panel companies specialized in commercial and industrial sites. These installations would benefit not only our energy consumption mix, but would also cut consumption due to the high grade of our thermal roof insulation. Our benchmark plant in Vietnam also operates one of the most modern post–production water filtration and treatment systems with a capacity of more than half a billion liters annually.

#### Brazil

Just like for all of our facilities, we are evaluating the installation of solar panels at our plant in Brazil to increase energy efficiency and supplement the use of LED lighting at production facilities as well as at the offices in the past year. We work closely with the local authorities to ensure that we are not only meeting, but even outperforming the minimum standards. Additionally, we started several reforestation projects to increase green spaces in and around our facilities.

Strong growth of 10% in energy from renewable sources reflects our commitment to a sustainable production process.





### Water

We care about using water responsibly and we are committed to including local stakeholders in our consumption planning whenever needed. We have implemented waste water treatment facilities at all plants that can be retrofitted. We include planning for water consumption and waste water treatment for all of the new plants we are building. We reduce consumption through greater efficiency and use recycled water wherever possible at all our plants to close the loop in industrial water usage.





#### Waste

Sorting and recycling raw materials is an important task at our factories. Our high-tech aluminum components are produced using roughly 70% of recycled aluminum. Almost 100% of our own cuttings, clippings and scrap is recycled internally in one of our three state-of-the-art cast houses.

Our recycling practice also has a positive effect on raw materials procurement. In the development and design phase of our products, we already include sustainability considerations when deciding on the use of raw materials, thereby reducing waste. Fewer heavy materials and an optimized design for our lightweight solutions make it possible to reduce mass, energy consumption and carbon emissions. We apply this strategy with our customers in the very early stages of collaboration, specifically when developing and designing new parts and when working on the improvement of existing parts.

Our vast know-how in the manufacture of customer-specific alloys and in preparing different materials for the extrusion process enhances the business potential of recycling as a viable option for our Group. This results in above-average performance and sets us apart from our competitors. Locating our aluminum foundries directly next to the pressing plants highlights our sustainability efforts and eliminates additional transport routes.

Furthermore, we also started several clean-up campaigns such as our "No to Waste" campaign in the local community in Mediescu Aurit in Romania. We also conduct noise emission checks on a regular basis to make sure there are no negative impacts on the local population from our plants.













# ESG SOCIAL RESPONSIBILITY

### Health and Safety

### Product safety and quality

We manufacture critical components for the aerospace, e-mobility, and energy industries. Therefore, ensuring product safety and quality standards in all our products is a top priority. In the aerospace and e-mobility sector, the environmentally-friendly solutions must be lightweight and consume less fuel. However, they must also be sufficiently stable and withstand the forces encountered in flight or driving.

At Montana Aerospace, we believe it is our responsibility to work continuously to improve the safety of all our solutions. This means regular training for our employees and the constant optimization of our products and processes to set new standards in product safety. All of our products must complete stringent quality testing. This process starts with quality control of the specifications up to the final inspection of the component at delivery. We mark all of our component parts so that they are identifiable and 100% traceable in line with our understanding of professional standards.



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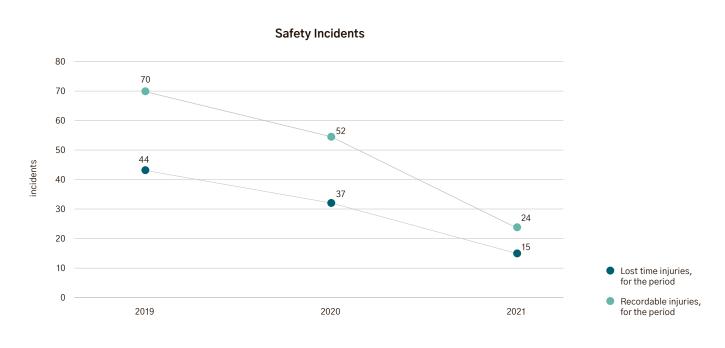
It's truly rewarding to be confident in the safety of our workplaces and the products we supply. What a great feeling to deliver reliable products, and know that our teams are safe at work producing them."

**Ashley Joy,** Head of the ESG Team, Montana Aerospace



### Employee health and safety

The objective of ensuring the highest safety standards applies equally to all of our employees. We are committed to a safe working environment and to the protection of our employees. To this end, we foster a safety–first culture and continuously work to optimize our processes. Our goal at Montana Aerospace is zero incidents at the workplace. To ensure this, we continuously strive to minimize risks at the workplace to reduce accidents to a minimum and prevent injuries. Our employees take part in regular safety training courses to create awareness and we ensure a proper understanding and implementation of our health and safety guidelines. Every safety gap is one too many.



The health and well-being of our employees always comes first. Therefore, one of our activities was the development of comprehensive safety measures to limit the effects of the COVID-19 pandemic, and provide support and protection to our staff. In accordance with local government regulations, Montana Aerospace developed comprehensive sets of measures to maximize safety and minimize the risk of infection. Our COVID-19 response included tighter hygiene and sanitation standards at our production facilities, mandatory mask-wearing and social distancing. We also promoted education to stress the importance of vaccinations. Apart from these measures, employees worked from home wherever possible and all business travel was suspended. In cases in which employees had to be present at their place of work, the employees worked in groups to minimize the spread of COVID-19.

We are very proud of the fact that we have coped well with the pandemic to date and did not have any delays in deliveries and fulfilled our contracts. This would not have been possible without the cooperation and high degree of personal responsibility of all our employees.

We would like to take this opportunity to express our sincere gratefulness to our employees.





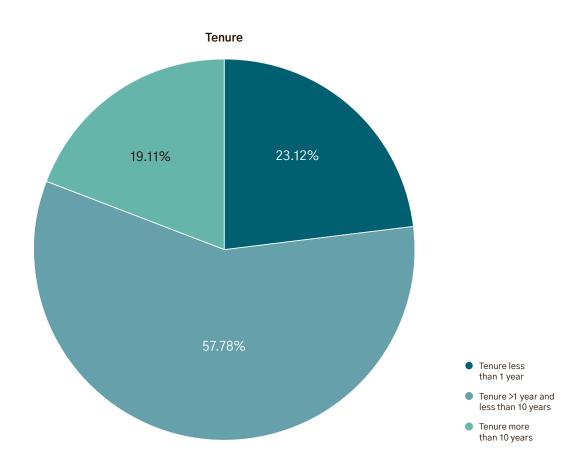


### Human capital development

### Employee value proposition (EVP), training, tenure, succession planning

At Montana Aerospace, we recognize that our extraordinary development would not be possible without the dedication and hard work of our employees. We aspire to be a top employer by providing an inclusive work environment that places its people first. Our corporate culture actively encourages visionary and entrepreneurial thinking among our staff. We provide support and help them achieve their best possible performance. It is a priority at Montana Aerospace to attract and retain the best and most talented people. We recognize potential and have a strong base of talented employees at all levels of the company. We invest in our staff by offering comprehensive training and mentoring programs, more than 30 hours per employee on average, that ensure continuous learning and growth. Our goal is to enable our employees to achieve their personal and professional aspirations within the company and we reward hard work.

This is evidenced by the long average tenure within the company.







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During my time at Montana Aerospace, I had the unique opportunity to gain deep insights into the company's core competences through various production plant visits, which were the perfect completion to my in-office activities. I was awarded a high degree of trust and responsibility from the start, which allowed me to develop my knowledge and skills in a meaningful way. If you want to be part of a truly global team and challenge yourself on a daily basis, Montana Aerospace is the right place for you!"

Saskia van Oosten, Montana Aerospace Marketing Intern



# Diversity, Equality, Inclusion

#### Labor management, diversity and inclusion

Our goal is to actively shape the future of the aerospace industry and play a leading role in the changes that are taking place. We recognize that a diverse and inclusive workforce allows for a broader set of experience and opinions and this ultimately leads to better decision—making. We believe that our truly global workforce is one of Montana Aerospace's main strengths and we are committed to actively increasing the ratio of underrepresented groups in our company. Our objective is to foster an environment, with significant good faith effort, to provide equal opportunities.



~22%

Share of women in total workforce

Diversity is a driver for innovation and growth. A global workforce requires a high degree of flexibility and I believe that this is the chance for women to succeed. Especially in industry, flexible work schedules will provide more opportunities for women and strengthen employee branding and motivation."

#### Daniela Klauser,

CFO ASTA Energy Transmission Components





# Workforce by age:

under 30 years: ~33% 30 - 50 years: ~52% over 50 years: ~15%









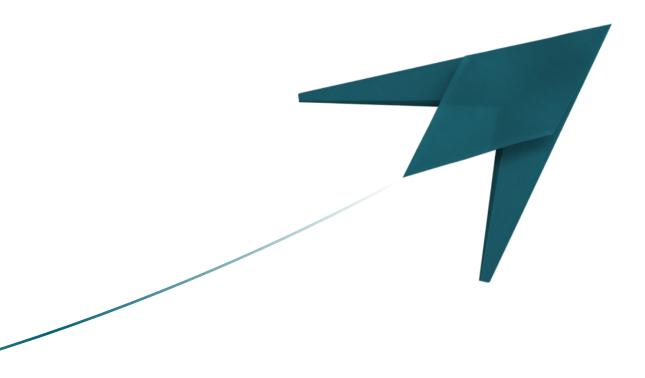


# **Community Engagement**

We understand that as Montana Aerospace we are essential for the locations where we operate. We are committed to building better and more equitable communities through various employee and company engagement programs and investments. We seek to add value to these communities and engage with local stakeholders in a meaningful manner.

Montana Aerospace is highly committed to supporting young people and students in reaching their full potential. We are involved in several programs to promote educational achievements at all scholarly levels among students from diverse backgrounds. We hope to help students achieve their educational and personal goals, and also support interaction with the potential future employees.

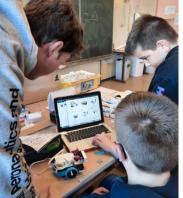
Furthermore, we are engaged in campaigns to promote health and safety in the communities beyond our own employees. During the COVID-19 pandemic, we offered free vaccines and vaccine information to employees and their families as our contribution to the prevention and containment of the spread of the COVID-19 to protect people.





# BRINGING POSITIVE CHANGE TO OUR COMMUNITIES







## We invest in the future generation

Access to quality education is essential. At Montana Aerospace, we strongly believe in investing in the younger generation and offering opportunities to talented students. Not only does this allow for children and young adults from all backgrounds to obtain a high-quality education, it also gives us the opportunity to interact with potential future employees. One example of this is inviting students to our company to do production site visits.

Alpine Metal Tech is an official sponsor of the "Lego League" technology project at the Vöcklabruck Bundesgymnasium in Austria, which has the aim of getting students excited about automation. With the purchased Lego robots, the students from senior classes teach programming skills to those in the junior classes. In order to be able to relate to the topics of automation and robotics in the world of work, Alpine Metal Tech invites the students from junior classes for a company visit at the end of the school year.

Montana Aerospace is a sponsor of the Joanneum Aeronautics – the official aerospace club of the FH Joanneum University of Applied Sciences. The design–build–fly project team participates in international aeronautics competitions all over the world. Our sponsorship enables the students to invest in new equipment so that they can continue realizing future projects.

#### We contribute to a more sustainable environment

We at Montana Aerospace see it as a key responsibility to ensure a more sustainable future. This includes engaging in activities within our communities to promote a more sustainable environment. Our employees in Georgia participated in the annual volunteer waterway cleanup event in partnership with Rivers Alive. Their mission is to create awareness of and encourage participation in the preservation of Georgia's water resources, including streams, rivers, lakes, beaches, and wetlands.



# We support our employees and their families

As an employer, we want to support our employees and their families in many different ways. We offer a free summer camp for employees children as well as children in the community.

In Romania, we organize a yearly picnic for our employees and their families.

Our employees in the US supported local children and families during the holiday season by wrapping over 400 gifts donated by local individuals for Christmas.











# We promote the health and well-being of our employees

The health and well-being of our employees is of utmost importance, and we try to offer comprehensive initiatives to promote this. Practicing a sport is another essential activity to boost physical and mental health, which is why Montana Aerospace participates in the Vienna City Marathon every year and invite all our employees to join.

To limit the spread of the COVID-19 pandemic and enable our employees to make an informed decision about their health, we offered free consultations as well as vaccinations.



# ESG GOVERNANCE

Montana Aerospace AG (Montana Aerospace) and its subsidiaries are an industrial Group that operates worldwide (Montana Aerospace Group). The Group pursues a responsible corporate management policy guided by the principles of integrity, honesty, sustainability and transparency.

The Montana Aerospace Group includes all companies in which we have a direct or indirect interest of at least 50% or in which we exercise control in a different way. This also includes joint ventures in which we have a controlling interest.

Our international activities impose various social, political and legal obligations on Montana Aerospace. Any violation of these obligations, especially of rules and regulations, may have severe detrimental effects on our financial standing and therefore on our business, thus causing lasting damage to our Group.

As a market and technology leader with operations established over decades, we pursue a long-term, sustainable and comprehensive growth strategy for value creation. We achieve our goals because of the high degree of personal commitment, a strong team spirit, open communication, an unwavering focus on quality innovation and a strong customer orientation.

In our relationships with customers, suppliers, employees and other business partners, we are committed to the basic values and principles that are summarized in this Code of Conduct. The Code of Conduct serves as a framework and guidance for sustainable and responsible behavior within the Montana Aerospace Group.

Morally, ethically and legally sound behavior of all employees is critical and at the core of our corporate culture: it is part of our DNA. Our governance rules and regulations apply to all employees of Montana Aerospace, and we expect and encourage every single employee to adhere to these standards. Moreover, Montana Aerospace also requires its main business partners to comply with such standards of our Code of Conduct or to other similar ones.

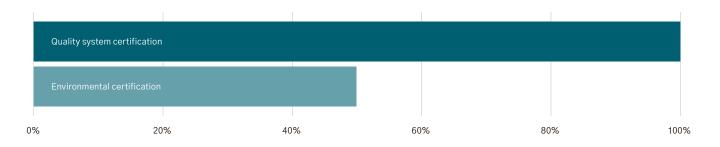
# PROACTIVE OWNERSHIP Code of Conduct SUSTAINABLE ENTREPRENEURSHIP RESPECT



# Industry relevant quality, safety and environmental certifications demonstrate our commitment to security and reliability in all we do.

Our quality systems form the foundation of our manufacturing operations. We are required to maintain audited quality systems and complete certification processes in all of our businesses areas.

We have developed further qualification standards where necessary in other fields and are proud to report that 50% of all locations have completed environmental management certification audits.



# Within the framework of our ESG standards, we have extended our governance responsibilities to cover the following topics as well:

- Ownership and control
- Board structure
- Pay and incentives
- Accounting transparency
- Business ethics
- Tax transparency

Further definitions and descriptions of our business ethics in our Code of Conduct are available on our website or may be requested by e-mail from Investor Relations at ir@montana-aerospace.com.



# **ESG OUTLOOK**

We are well aware of the fact that we operate in an industry with a high environmental impact. While we acknowledge that we still have a long way to go to reach net zero emissions as a group, we are more than determined to fulfill our promise as a game changer in the aerospace supply chain and achieve improvements throughout all of our industries.

This not only applies in terms of carbon emissions and environmental impact, but also to the standards we set for our employees in terms of work-life balance, workplace equality and workplace diversity.

To achieve this goal, we are currently commencing the process of working with an international ESG advisory firm that will help us improve our long-term ESG strategy and standards for the entire Group. This process will begin this year and will consist of several stages. As many of our Group companies are located in the European Union, we will also expand our reporting system to meet the non-financial disclosure requirements of the European Union for corporate sustainability reporting and the taxonomy for sustainable activities. These will apply to our group as of the end of the financial year 2023.

Montana Aerospace already took the first step towards making the industry greener: our vertical integration means that we operate much more efficiently and environmentally–friendly than our peers. The expansion and continuous improvement of our ESG processes developed jointly by expert consultants will help us achieve progress in this area and secure another competitive advantage over the long term.



Montana Aerospace AG is a leading producer of system components and complex assemblies for the aerospace industry, with worldwide engineering and manufacturing operations. As of April 2022, the company has approximately 6,600 highly skilled employees at 32 locations on four continents – designing, developing and producing ground-breaking technologies for tomorrow's aerospace, e-mobility and energy industries out of aluminium, titanium, composite, copper and steel.

#### DISCLAIMER:

Some of the information contained in this Annual Report may be forward-looking statements. Montana Aerospace AG cautions that such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. Montana Aerospace AG undertakes no obligation to publicly update or revise any forward-looking statements.

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