




SUSTAINABILITY





**There is a delight in the hardy life of the open.
There are no words that can tell the hidden spirit of the
wilderness, that can reveal its mystery, its melancholy
and its charm.**

**The nation behaves well if it treats the natural resources
as assets which it must turn over to the next generation
increased; and not impaired in value.**

**Conservation means development as much as it does
protection.**

- Theodore Roosevelt



We all know that the world is constantly changing. Technological innovation has made the planet more interconnected and globalization has changed the international business landscape. This has created opportunities as well as challenges. The advancements made in global economies have lifted many of the earth's population out of poverty. However, these same advancements have also increased demand for the earth's natural resources and have changed the planet's ecological footprint. There is no doubt that this poses challenges for future generations, as well as our own. With the increasing importance of sustainability management, Absocold Corporation has developed initiatives with the goal of becoming a more sustainable company.

Absocold Sustainability Statement:

To promote the health, safety, and longevity of our stakeholders, while minimizing our environmental impact.

We understand that everyone impacts the world in their own unique way. We all choose how we wish to conduct ourselves and our business'. At Absocold, we choose to conduct ourselves in a responsible manner. Part of this responsibility is operating in a way that minimizes our environmental impact and maximizes our social impact. Absocold's approach to sustainability is to enact policies that will have the greatest positive impact for our stakeholders. With this in mind, we based our sustainability policy on three key tenants: protect the environment, promote the health of our stakeholders, and promote the safety of our stakeholders.

In this sustainability policy, we outline the steps that we have taken as a company to be a more sustainable organization. It is broken into three sections.

Section 1 – Absocold Environmental Initiatives

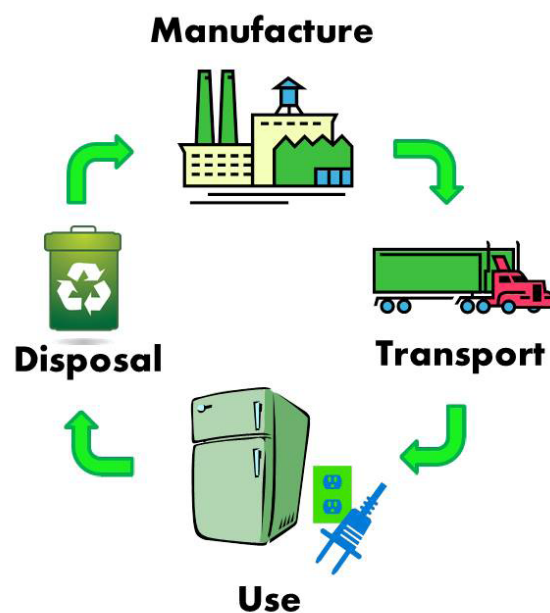
Section 2 – Absocold Health Initiatives

Section 3 – Absocold Safety Initiatives



Environment

We understand that our operations impact the environment in multiple ways. Our sustainability policy focuses on the areas that we feel can have the largest controllable impact on the environment. As a company that distributes products into commerce, it is our product's ecological footprint that largely determines how eco-friendly we are as an organization. When evaluating a product's footprint, it is important to consider the entire product life cycle, as opposed to focusing on one component such as manufacturing. The primary life cycle stages of an Absocold refrigerator are: Manufacturing of Product, Transporting of Product, Use of Product, and End-of-Life Disposal of Product.



By far, the largest amount of resources consumed during a refrigerator's life-cycle is while it is in its use phase. A reduction of just one Kilowatt Hour (kWh) of electricity consumption in our refrigerators, has a greater environmental benefit than any other initiative that we can take. To give an example, in 2014 we reduced the energy consumption of our popular 1 Cu. Ft. Suite Fridge® from 368 kWh/year to 242 kWh/year. This 116 kWh reduction in annual energy consumption will translate to 1,392 kWh of electricity conservation over the product's 12 year life expectancy. To put that into perspective, that is the equivalent of:

Greenhouse Gas Emissions



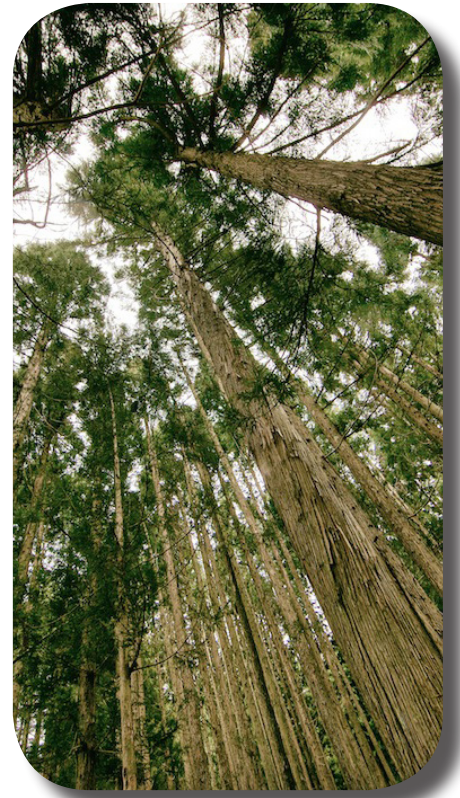
2,285 Miles Driven
by an average
passenger vehicle

CO₂ Emissions



1,031 Pounds of Coal
burned

Carbon Sequestration



24.6 Tree Seedlings
grown for 10 years



ABSOCOLD is an ENERGY STAR® PARTNER

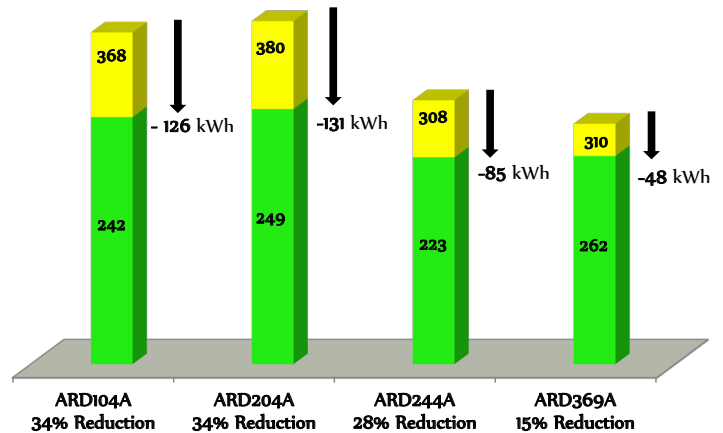
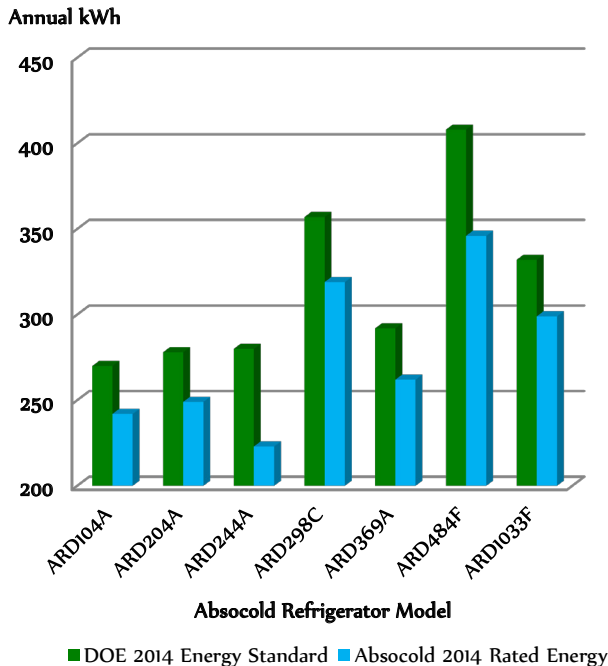
Absocold is an ENERGY STAR® Partner, and we are proud to say that our entire line of refrigeration products are ENERGY STAR® qualified for energy efficiency. Every

refrigerator in the Absocold family exceeds federal energy consumption standards by at least 10%. In 2014, the Department of Energy (DOE) released new federal energy standards for household and commercial appliances. The increasingly stringent standards set by the DOE are part of their continuing effort to reduce the energy consumption of appliances. With the help of our partners and suppliers, significant design changes were made to the Absocold refrigerator platform, allowing us to achieve our most efficient product offering ever. The following chart displays Absocold refrigerator energy consumption compared to the 2014 DOE energy standards.

Every Absocold Refrigerator is ENERGY STAR® Qualified for Energy Efficiency

The Absocold refrigerator design changes have drastically reduced the electrical kWh consumption of our products. Some of the major enhancements to the products include: more efficient compressors, increased insulation, re-designed refrigeration systems, and new software programming. The undertaking was worth the effort as the resulting energy reduction in some models was as much as 34%. The chart below highlights the models with the largest percentage drop in energy consumption.

Electrical Consumption vs DOE Standard



As expected, any design change has a cost associated with it, typically in the form of re-tooling manufacturing equipment. And while these modifications have added to the per unit cost of manufacturing, the overall life cycle cost per unit has decreased. This is possible because the decrease in electricity consumption of the refrigerator will save more in electricity costs to the final user, compared to the per unit increase in manufacturing costs.

Production Processes

All Absocold refrigerators are manufactured to the highest quality and environmental standards through ISO 9001 (quality) and ISO 14001 (environment). At the manufacturing facility where Absocold refrigerators are produced, several significant sustainability initiatives have been launched since 2010. The objective of these initiatives is to leverage the ISO 14001 certification program to reduce the overall ecological footprint of the manufacturing facility. The highest order objectives are: 1.) Recycle waste, 2.) Reduce water consumption, 3.) Reduce CO₂ emissions.

OBJECTIVE	ANNUAL GOAL
Total Recycling	99.82%
Water Use Reduction	Reuse 220 Cubic Meters of Water
	Reduce Municipal Water Use to 13,608 Cubic Meters
CO ₂ Emission Reduction	Maximum CO ₂ Emission of 3,880 Tons

To meet the highest order environmental objectives, 9 areas were identified for implementing process improvements. These process improvements focus on improving both the natural environment as well as the employee work environment. Specific goals and procedures were established for the following areas of focus:

▶ Reduce the use of pre-packaging product cleaning solution
▶ Control welding fumes
▶ Reduce manufacturing material waste
▶ Reduce ambient noise level
▶ Reduce electricity consumption and CO ₂ emissions throughout the plant and offices
▶ Control atmospheric emissions and waste water discharge
▶ Prevent spills and leaks of: Nitrogen, Resin, LP Gas, Natural Gas, Refrigerant and Blowing Agent
▶ Proper handling of hazardous waste
▶ Conserve natural resources by recycling: Paper, Wood, Cardboard, Aluminum Cans, Plastic Bags and Packaging, Toner Cartridges, Foam Sheets, Wax Paper, Polyurethane and Foam



- new water reuse tank



- new recycling receptacles for the production floor



- new recycling containers for manufacturing by-product



- new recycling bins for packaging and material by-product

Recycling

Recycling to Absocold is more than simply throwing away paper trash into a designated recycling bin. Our Absocold products are a much larger consumer of the earth's raw materials than the employees in our offices. As such, recycling can be found in every stage of an Absocold refrigerator's applicable life-cycle: Manufacturing material waste reduction and disposal; Package and shipping material disposal; and End-of-Life disposition of product.

Manufacturing -

Absocold refrigerators are constructed with many different individual parts, however, the majority of the refrigerator is made of metal and plastic. Because manufacturing requires metal forming and plastic molding, there will always be a small amount of waste by-product. These materials are recyclable and the goal of manufacturing is to recycle 99.82% of this by-product.

Packaging -

Once an Absocold refrigerator leaves our warehouse, it is our customer who disposes of the product's exterior packaging. To help our customers with the ease of packaging disposal, and to assist them with meeting their own recycling goals, our refrigerators are packaged using recyclable corrugated boxes.

Disposition of Product -

The construction of an Absocold refrigerator allows for the end user to recycle the majority of the product when it is at the end of its functional life-cycle. As mentioned before, the refrigerator contains many different parts, however, the majority of the construction is metal and plastic that can be recycled.*



*It is highly recommended that the customer uses an authorized appliance recycling center for the disposition of Absocold refrigerators. Disposal must be carried out in accordance with local environmental regulations for waste disposal.



Transportation/Supply Chain

Absocold products are found in every corner of the United States, including Hawaii and Alaska. Our nation wide presence requires us to ship our products using over-the-road motor carriers. And while we do not employ our own trucking fleet, we are diligent about how we select our third-party freight providers. We choose to contract with logistics partners whom we feel are the most responsible and responsive to our needs. To Absocold, part of being a responsible logistics provider means using fuel efficient freight carriers. This is a mutual benefit to both Absocold and the environment, as this reduces fuel consumption, saves money in fuel costs, and makes a positive impact on the environment through reduced transportation-related emissions.

In 2004, the Environmental Protection Agency (EPA) launched the SmartWay® program for improving fuel efficiency and reducing greenhouse gases and air pollution within the transportation supply chain industry. The program, a cooperation between the government and the transportation industry, aims to increase the use of fuel efficient technologies and strategies that will help freight companies save money while reducing adverse environmental impacts.

As part of Absocold's sustainability policy, our goal is to use SmartWay® Partners for at least 90% of our over-the-road trucking needs. Due to the nature of the transportation industry, we occasionally experience limited availability of route operators. However, when the option exists, Absocold gives preference to those carriers who are SmartWay® Partners.

More information on the SmartWay® program can be found at: www.epa.gov/smartway/



Health

Absocold Corporation recognizes that organizational success is more than bottom line financial profits. We believe that it is our relationships with our employees, suppliers, customers, and communities that have enabled us to remain in business since 1969. We are committed to promoting the health of these stakeholders because we understand that it is these individuals who ultimately determine the health and longevity of our company. Promotion of health is a key tenant of our sustainability policy.

Employee Health

Absocold Corporation values the health and wellbeing of all of our employees. We believe that our people are the most important assets of the company and are critical to the long-term success of the organization. The approach that we take toward the employee/employer relationship is found in our Absocold Corporation Code of Conduct.

Absocold Corporation Code of Conduct
▶ We respect the individual and diversity
▶ We avoid conflicts of interest
▶ We work to promote a positive environment
▶ We provide a safe workplace
▶ We respect each other's privacy
▶ We safeguard company property and information
▶ We maintain accurate books and records while reporting results with integrity
▶ We interact with co-workers, as well as customers, honestly, openly and with the utmost respect
▶ We refrain from workplace related emotional out-bursts, including profanity, as well as, the use of bullying techniques or exclusionary practices

Healthy Communities and Local Sourcing

We are dedicated to supporting the long-term health of the local and regional communities in which we operate through the practice of local sourcing. With global manufacturing becoming more competitive and complex, we have remained true to our local and regional suppliers. While the popular trend in the compact refrigeration business is to outsource production to overseas facilities, we are proud to say that 100% of Absocold refrigeration products are manufactured in North America. We believe in using the expertise of our local partners and suppliers to help us to remain competitive. By sourcing locally we are able to monitor quality more effectively, and this in turn, has allowed us to offer the highest quality products in the industry. While price is certainly a concern in every industry, we have relied on the durability of our products, combined with their superior life-expectancies, to drive value for our customers.

At our corporate headquarters in Richmond, Indiana, we support the local businesses in our community by sourcing many of our corporate support needs through independently owned companies. As a result, a considerable amount of our expenditures end up in the surrounding Richmond communities through the strategic sourcing of:

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| ▶ Product Packaging and Shipping Supplies |
| ▶ IT and Computer Services |
| ▶ Banking |
| ▶ Accounting, Financial Audit and Reporting |
| ▶ Compliance and Legal |
| ▶ Marketing and Promotional Materials |

In addition to helping our communities through local sourcing, we also try to improve the quality of life for the people within our community through donations. We believe that education is critical to the sustainability of any community. Our donations are typically directed toward youth education initiatives such as Junior Achievement, Boys Clubs, and local school systems and universities.





Safety

Absocold Corporation believes that safety is a critical part of being a responsible organization. We understand that all of our stakeholders have different considerations when it comes to safety. As a key tenant of our sustainability policy, we are committed to: providing safe products to our customers; providing a safe work environment for our employees; and selecting suppliers and partners who provide a safe work environment for their employees.

Customer Safety

We are proud to say that Absocold refrigeration products are among the safest in the industry. Absocold products are manufactured with Non-Flammable and Non-Hazardous Refrigerants and Blowing Agents. Due to the 2015 energy efficiency standards set by the US Department of Energy, many manufacturers have switched to flammable refrigerants in order to meet the stringent energy consumption thresholds. While this was certainly an option for Absocold products, the decision to invest in tooling and design to meet the new standards was the safer alternative. Every system and component that impacts energy performance – insulation materials, foam agents, compressors, cases and doors, refrigeration systems, processing boards – was reevaluated to ensure that all products would meet the new Department of Energy standards. Multiple design changes were made

to the Absocold product line and new manufacturing processes were implemented. These efforts have allowed us to offer a very safe and energy efficient product line. All Absocold refrigerators are made using R-134a as the refrigerant and R-245fa as the blowing agent. Additionally, all Absocold refrigerators are safety certified by UL®.

Our products are frequently found in multi-unit developments such as hotels, military barracks, and dormitories. In many applications, the end-user is not responsible for the selection of our brand. We feel obligated to provide safe refrigeration products to our customers, so that in turn, they can feel confident that they are offering their guests, soldiers, and students a safe product that does not jeopardize their personal safety.



Employee Safety

Absocold Corporation is committed to providing a safe, productive, and drug-free work environment that promotes the general health and well-being of all employees. We ensure that our labor practices are in compliance with all Local, State, and Federal laws. In addition to these legal requirements, Absocold Corporation has rules for employee conduct that must be followed at all times. We do not tolerate harassment, discrimination, or intimidation in our own workplace, and we refuse to conduct business with entities who engage in these types of practices. We believe that employees have the right to feel safe at work. Promoting a safe and positive work place culture has allowed us to retain long-term employees that are dedicated to the company's continued well-being.

Manufacturing Safety

The type of work involved with the manufacture and assembly of Absocold refrigerators has a number of potential safety risks to the health of manufacturing personnel. These risks include: physical, chemical, mechanical and biological. The manufacturing facility where Absocold refrigerators are produced uses a rigorous safety compliance audit program. The program is the result of a facility wide safety study, which evaluated every potential safety risk, in every workspace within the factory. Based upon the results of the study, safety standards and procedures were created to maximize safety in every process of manufacturing. The program is administered by a Safety Commission, consisting of 22 members, each with an individual area of responsibility within the facility.

The critical responsibilities of the Safety Commission include:

▶ Providing safety training
▶ Monitoring safety procedures
▶ Performing monthly safety audits
▶ Conducting safety related drills
▶ Performing monthly maintenance checks on safety equipment
▶ Managing hazardous materials and waste
▶ Investigating accidents if they exist
▶ Providing safety awareness materials and maintaining warning signals

