



**AERZEN USA - A SOCIALLY RESPONSIBLE
AND SUSTAINABLE COMPANY.**



AERZEN

Aerzen USA Sustainability Report: 2018



At Aerzen, sustainability is ingrained in our way of thinking. This means managing our business for the long term and translates to significant impact in four main focus areas: environmentally responsible operations, sustainable products, local communities, and people development. We are focused on reducing greenhouse gas emissions in our operations and products as much as possible. We believe in investing in personal and professional development of our employees because we know

the effort of these hardworking individuals is what drives our business success. We recognize the importance of supporting local and educational organizations through charitable giving and volunteerism. Through these activities we create value for our customers, employees and community. This report provides insight into those key areas, while also looking ahead on how to further maximize our impact in future years.

Environmentally Responsible Operations



Triple pane windows and LED lighting reduce environmental impact

Completion of the building expansion project marks a significant highlight of 2017 and affirms Aerzen's commitment to providing employees with a safe and environmentally friendly workplace. Late project decisions to install triple pane windows instead of double pane and to replace the compact fluorescent lights with LED lights were made to further reduce our impact on the environment. This year, Aerzen also took inventory of outdated systems including the HVAC system and the limited capacity electrical infrastructure running the test bays. The HVAC systems have been upgraded to newer models, saving energy and costs associated with heating and cooling. The larger utility for the test bay allows Aerzen to increase the number and size of the machines that can be operationally and performance tested. The upgrades to the test bay are modeled after the draft specification for PTC-13, making it one of the most state of the art test facilities for blowers and compressors in the country.



Management of our green office policies continue to evolve as we strive to educate and engage employees. We provide green office information during staff updates and new hire orientations to ensure all employees are aware of the opportunities to contribute to a more sustainable future. A paper reduction campaign will launch this year with mandatory employee training on proper

document retention and destruction. Objectives of this campaign include reducing the amount of paper waste through electronic file delivery and guidelines on printing to minimize paper usage. Aerzen has outfitted the new café with reusable dishes, flatware, coffee cups and a dishwasher. Additionally, Aerzen requires any catering vendors bringing food or meals onsite to refrain from using styrofoam cups and plastic ware. If one time use products



New cafe with reusable dishes and recycling stations



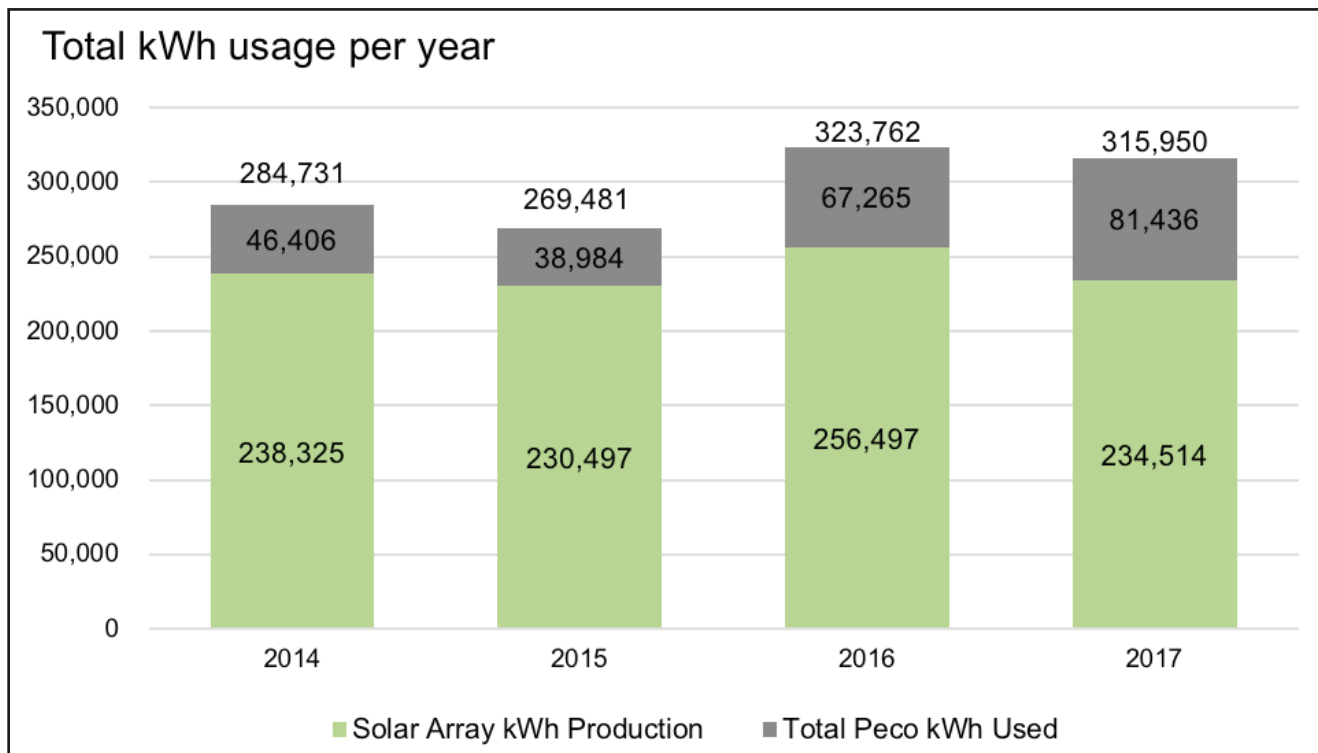
are brought in, it is preferred that they be paper based or recyclable for minimal environmental impact. In order to reduce the need for employee travel, we have added new and improved telephone and computer conference centers. This provides the ability to coordinate and collaborate with customers and partners in a virtual face to face environment, which limits the amount of travel necessary for in person meetings. Long-term plans including promoting an official "green team" made up of voluntary members to manage green office initiatives and educate coworkers about behaviors that save energy or resources.

In 2017, The Quality Health Safety Environment department was formed due to company growth and a desire to develop, implement and manage quality, health, and safety systems to support strategic growth in existing and future business operations. Top objectives for this group include exploring industry best practices, tracking key performance indicators for continuous improvement and producing and analyzing timely reports. The oversight of the safety committee will now be the responsibility of the group, ensuring Aerzen continues to maintain its excellent safety record while constantly evaluating and assessing the environment for necessary safety enhancements.

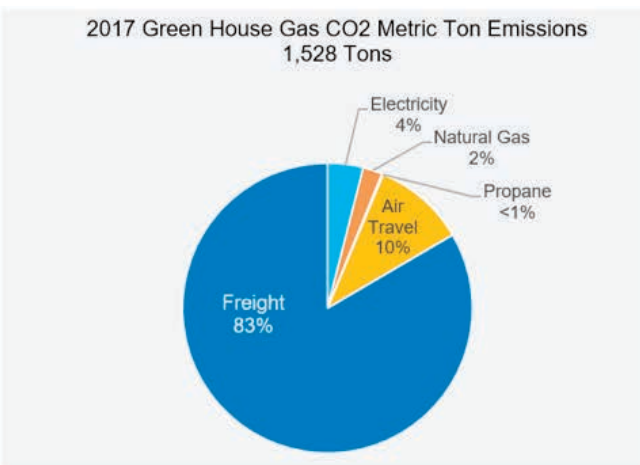
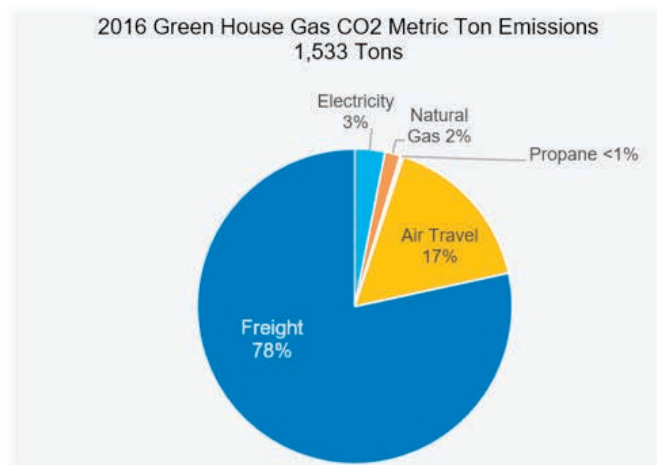
*Aerzen USA Quality and Safety team members
Nick Maglietto and Ralf Weiser*

Aerzen's energy policy focuses on affordability of energy, lowering the cost of operations and working towards ensuring energy consumption does not increase despite growth in the workforce and office footprint expansion. During 2017, Aerzen USA consumed approximately 316,000 kWh of electricity, of

which 235,000 kWh (or 74%) was produced by the sun. Trends in employee growth and building expansion are barriers to reducing overall energy consumption; however Aerzen continues to make strides to reduce the energy usage year over year.



The carbon footprint data has been calculated using the EPA's Simplified GHG Emission Calculator and tracks emissions from electricity, natural gas, propane gas, shipping freight and air travel.



Sustainable Products

Aerzen products have always been a fusion of reliability and performance, and the Turbo Blower is no exception. The design and construction of the Turbo Blower is simple yet effective using only air to power the bearing system within the blower. This design allows the blower to operate very efficiently and requires less energy input than blower systems manufactured by some of our competitors. Our customers have happily reported less



Aerzen USA Turbo Blower Cell

maintenance, ease of installation and lower energy consumption as a result of switching to Aerzen Turbo Blower technology. Last year Aerzen constructed and tested the prototype of the multicore AT800 Turbo Blower. The machine will allow Aerzen to serve markets traditionally limited to multistage and geared centrifugal blowers. The multistage and geared centrifugal machines have limited operational flexibility and drop drastically in efficiency when operated outside of the machine's design point. The AT800 will not only provide the same minimal

maintenance and peak efficiencies realized in the smaller Turbo models, it will also allow for a much wider range of operation, where machines traditionally used in this market could not operate. This will provide a drastic improvement to process operation and long term energy savings for the customer where these machines are applied.

In 2017 Aerzen also released the Biogas Blower. This machine provides a blower stage made of ductile iron as well as a discharge silencer with a flame arrestor. This is a significant safety improvement compared to cast iron machines and traditional silencers normally applied to such applications. Biogas is a byproduct of fermentation. Wastewater digester applications, food waste decomposition and landfills generate this "free energy" that can be sustainably captured and utilized rather than releasing the gases into the atmosphere directly or by using a flare gas system. Harvesting biogas is a specialized process because the gases are highly corrosive and combustible. An Aerzen ductile iron stage and discharge silencer with flame arrestor greatly reduces the risk associated with processing this potentially explosive gas.



Aerzen Biogas Blower

Local Communities

New this year, Aerzen is partnering with the Coatesville Youth Initiative, an organization dedicated to building a vibrant future for the local community by engaging youth in experiences that support success in school and in life. Aerzen participates by providing students meaningful paid work, from data entry to customer support. Two students will come onboard summer 2018 to kick off the program.

For the second year in a row, Aerzen participated in Pennsylvania's "Dream It Do It" video contest where local area middle school students created a video showcasing "what's so cool about manufacturing." Aerzen had the privilege of working alongside students to produce a video exploring careers in manufacturing.

Aerzen gives back to the local community with continuous involvement over the years with The Manufacturing Alliance of Chester County, student career days at many local area schools, and STEM workshops for teachers. As in past years,

Aerzen employees volunteer their time to grow and maintain a large vegetable garden in which produce is donated to local food banks. These various efforts require approximately 600 hours annually from Aerzen employees who are passionate about volunteering their time to give back to the community.



Aerzen USA employees at the Manufacturing Alliance Award Ceremony

People Development

At Aerzen we are committed to providing our employees a safe work environment along with an exceptional rewards package of compensation, benefits and work-life programs because we know attracting and retaining the best talent means providing a stimulating work environment and competitive benefits. The benefits package provides employees with flexible options to participate in an extensive selection of health, insurance and lifestyle benefits. Another valuable component is the company profit sharing plan and company sponsored 401(k) plan which is designed to provide for employees and their families for years to come. The benefits package at Aerzen is very competitive with other benefits programs offered by other top employers both in terms of costs and provisions.

This year a strong focus has been placed on employee engagement and company culture. Monthly breakfasts are provided in our common area to promote collaboration and camaraderie across disciplines. Last spring, employees were given the opportunity to participate in The Fit Company's "Fitness Challenge" which gave employees of any fitness level and ability an opportunity to become active while offering a great team building experience. In 2017 we offered interested employees the option of installing standing desks which are a more active and ergonomically friendly alternative to the traditional sitting desk work station.

We are fully committed to helping employees reach their full potential which is why we are currently in the process of implementing a training platform called uPerform. uPerform allows us to create, manage and distribute learning content right within software applications employees use every day, such as Navision and Salesforce.

The steps taken to drive employee engagement and invest in human capital has resulted in Aerzen being named one of The Best Places to work in PA again in 2017. This survey competition is based on anonymous employee feedback that rates and ranks top employers in the state. Aerzen is able to use the employee feedback from this survey to address concerns and issues in the work place.



Aerzen USA employees "showing strength" at the Fit Company Challenge event

Safety has always been a top priority to Aerzen. In 2017 we did not have any OSHA reportable incidents now, and surpassed 1,208 days accident free at year end. We believe this tremendous track record can be attributed to our safety committee which meets monthly. The safety committee diligently works on assessing the safety of the work environment and follows up by implementing any necessary safety item or action plan. This year 30 safety suggestions were implemented. Packaging materials in work cells were removed to create better work flow and reduced risk of tripping or injury. An AED was added in the café, appropriate exit and evacuation signage was updated within building, new GFI outlets were retrofitted in the old production area and a safety assessment was conducted for the new Houston office. Completion of these items along with other updates contribute to a safe work environment.



Conclusion

At Aerzen, our purpose remains the same, “To be the change that we wish to see in the world.” Our triple bottom line management style ensures our business decisions will take into account people, planet and profit. Investing in people, making operational improvements, and understanding our customer’s needs, we are able to achieve financial success. We’ve made

meaningful progress, but recognize in a rapidly evolving world there is much more to do. We will continue “to be the change” by modeling environmental stewardship and social responsibility fulfilling our commitment to society, the environment and our stakeholders.



PD blower production cell



Aerzen USA Repair cell



HIGHER STANDARDS OF TRANSPARENCY & ACCOUNTABILITY

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