

**MAKING MACHINES SMARTER**

---

**HUSCO**  
**SUSTAINABILITY &**  
**RESPONSIBILITY**  
**2019**

## FROM OUR CEO

*"Husco is fully committed to its role as a responsible corporate citizen. Accordingly, we practice sustainable behaviors throughout our global operations and develop revolutionary products which substantially benefit our environment."*

Specifically, Husco's Automotive Division develops and manufactures products that enable improved fuel efficiency, reduced emissions and enhanced performance of engines and transmissions for our global OEM customers.

Husco components are utilized in progressive technologies such as cam phasing, cylinder deactivation, variable valve timing, start/stop systems, dual clutch transmissions, advanced diesel engines and gasoline direct injection. These new technologies are having a dramatically positive impact on the planet's environment, reducing global fuel consumption by more than 800 million gallons per year. Husco products produced in one year do more to reduce emissions than every electric vehicle ever produced!

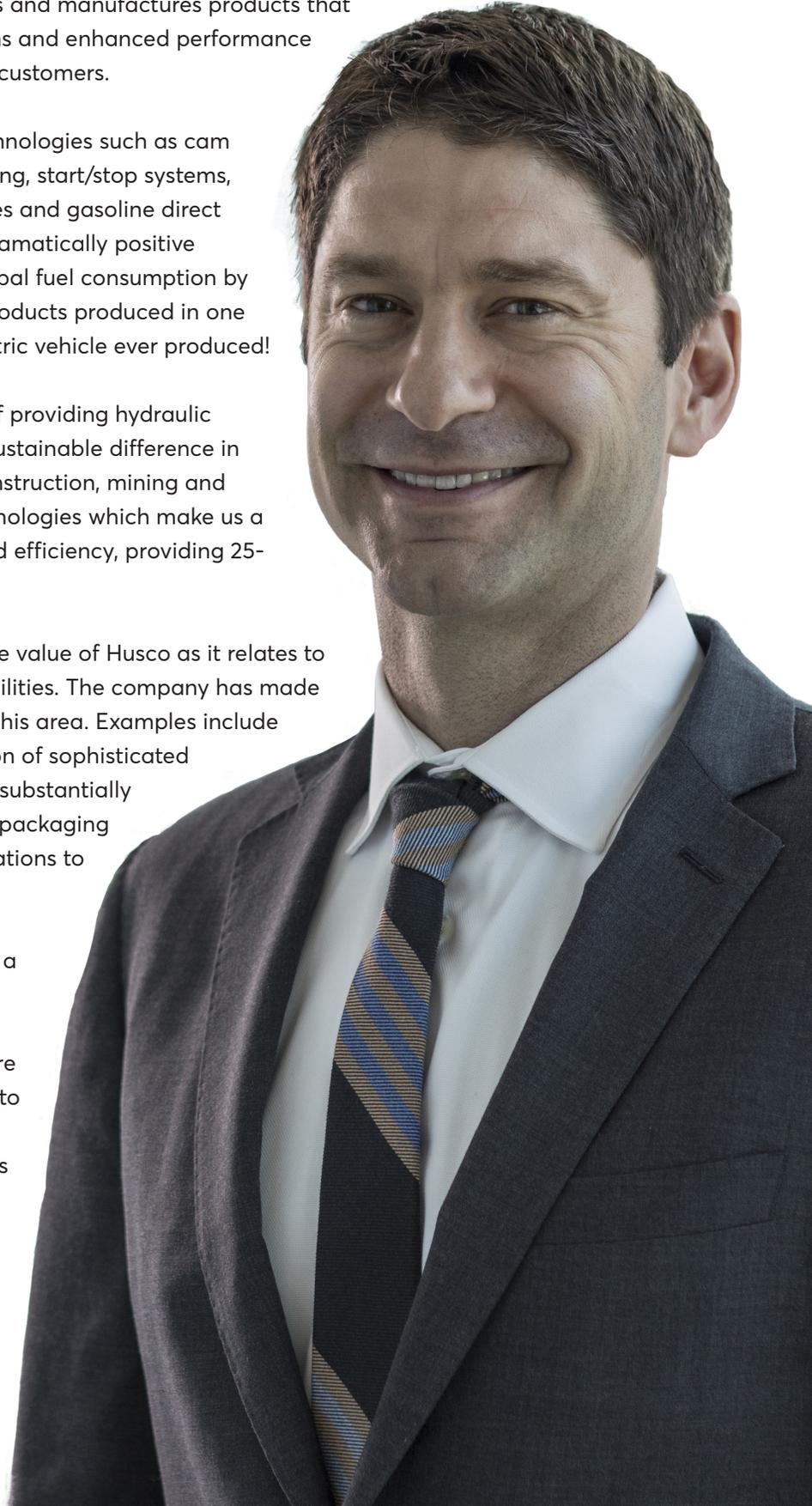
Husco's Off-Highway Division is at the forefront of providing hydraulic technologies that are making a substantial and sustainable difference in energy efficiency and fuel consumption in the construction, mining and agricultural industries. Husco has developed technologies which make us a globally recognized leader in machine control and efficiency, providing 25-45% fuel savings.

Being a good environmental steward is also a core value of Husco as it relates to running clean, energy-efficient manufacturing facilities. The company has made significant investments to continually improve in this area. Examples include the installation of high efficiency lighting, adoption of sophisticated fluid filtering and recycling processes which have substantially reduced water use, implementation of returnable packaging with high volume customers and numerous innovations to reduce energy consumption.

Husco believes that a sustainable business is also a resilient one. Our objective is to provide products that will continually benefit our global customers economically, environmentally and socially. We are proud of our past contributions and look forward to developing new products and technologies which will improve the environment and living conditions throughout the world.

Please explore our web-based Sustainability Report to learn more about our strategies, goals and performance.

**-Austin Ramirez, CEO, Husco**



# HUSCO

## MISSION STATEMENT

Our mission is to be the global leader in providing products and services which optimize the performance, controllability and safety of mobile and automotive equipment.

We achieve this goal by employing a highly talented, diverse workforce and providing them with a collaborative and challenging environment. Our associates recognize that we are part of a larger community and must contribute to the common good, protect our environment, work safely and respect all stakeholders.

## STRATEGIC FOCUS

Husco global sales exceeding \$1B & Real Earnings > 10%

**Off-Highway growth to \$500M** - Be the technology partner of choice for advanced hydraulic circuit and machine system development. Expand market share in excavators, wheel loaders and agricultural tractor hydraulic controls. Commercialize new cartridge products to expand our addressable market.

**Automotive growth to \$500M** - Expand share with European OEMs, continue technology diversification with differentiated solutions that enhance customer value and leverage world-class Asian manufacturing operations for growth into Chinese, Japanese and Korean markets.

Develop our top employees into senior leaders and create new opportunities for employees willing to invest in personal growth.

## CORE VALUES



### Intelligent Risk Taking

Making smart decisions in the face of ambiguity and uncertainty. Proactively work to minimize the likelihood and impact of negative outcomes.



### High Performance

Focus first on getting great results, then developing great process. Demonstrate consistently strong results and earn the trust of your colleagues.



### Practical Innovation

Consistently and creatively push the boundary of what is possible in ways that create immediate value for our customers.

## CULTURAL EXPECTATIONS

Personal Integrity - Economic Value Creation - Leadership - Teamwork - Communication - Balance

# HUSCO GLOBAL FOOTPRINT



## UNITED STATES

### Waukesha, WI - Headquarters

Automotive Manufacturing (250k sq. ft.)  
Research & Development

### Whitewater, WI

Automotive Manufacturing (100k sq. ft.)  
Off-Highway Manufacturing (100k sq. ft.)

### Maquoketa, IA

Off-Highway Manufacturing (100k sq. ft.)

## INTERNATIONAL

### Runcorn, England

Off-Highway Manufacturing (90k sq. ft.)  
Research & Development

### Pune, India

Off-Highway Manufacturing (70k sq. ft.)  
Research & Development

### Shanghai, China

Automotive Manufacturing (60k sq. ft.)  
Off-Highway Manufacturing (30k sq. ft.)  
Research & Development

## SALES & ENGINEERING

### United States

Detroit, Michigan

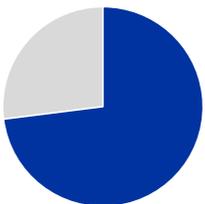
### Europe

Ransbach-Baumbach Germany

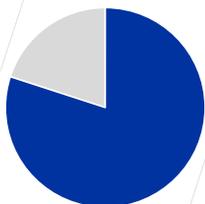
### South America

Porto Alegre, Brazil

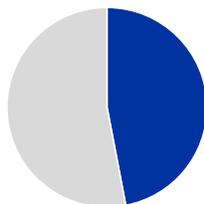
## PERCENT OF SOURCING FROM LOCAL SUPPLIERS



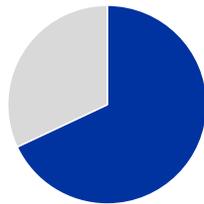
**73%**  
Off-highway USA



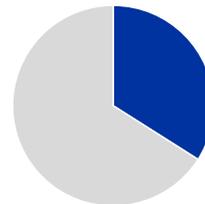
**80%**  
Automotive USA



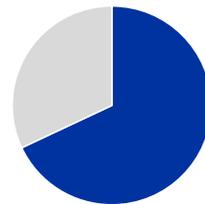
**47%**  
Off-highway China



**68%**  
Automotive China



**34%**  
Off-highway UK



**68%**  
Off-highway India

# PRINCIPLES OF HUSCO SUSTAINABILITY

## **Economic**

The people in the western world are heavy consumers. In fact, we consume far more than our fair share. Meanwhile, the people in developing countries are exploding in population and some are aspiring to have high-consumption lifestyles too. Husco pursues a sustainable economic model that ensures fair distribution and efficient allocation of our resources. This pillar ensures that our economic growth maintains a healthy balance with our ecosystem.

## **Environmental**

We take our natural resources for granted and sometimes we forget that those resources are not unlimited. More importantly, our planet must be protected from corporate exploitation and neglect. This pillar supports initiatives like: renewable energy, reducing fossil fuel consumption and emissions, sustainable agriculture and fishing, organic farming, tree planting and reducing deforestation, recycling and better waste management.

## **Social**

As a global citizen, we must never turn a blind eye to social disruptions that threaten the well-being of people and our environment. We have an ethical responsibility to do something about human inequality, social injustice, and poverty. This pillar supports initiatives like peace, social justice, reducing poverty and other grassroots movements that promote social equity.

# HUSCO'S COMMITMENT TO STAKEHOLDERS

Our stakeholders are the many individuals and organizations who are affected in some way by Husco's activities, whether it is in our role as an energy provider, an employer, or as a company that generates revenues and helps to boost local economies.

## **Employees**

Husco uses a range of internal communications channels to keep our employees informed about the context within which they work. These include quarterly town hall style meetings where employees hear directly from the executive team.

## **Governments and regulators**

We engage with governments on many fronts, from consultation responses to direct engagement with government representatives. Our code of conduct requires that we are honest and responsive in all governmental interactions.

## **Industry**

Husco is working through business and industry groups to help establish standards and address complex challenges. For example, Husco is a member of the National Fluid Power Association (NFPA), Original Equipment Suppliers Association (OESA), British Fluid Power Association (BFPA) and the North Central Minority Supplier Development Council.

## **Contractors and partners**

Like our industry peers, Husco rarely works in isolation. Safe and responsible operations depend on the capability and performance of our suppliers, contractors and partners. To this end, we set operational standards through legally-binding agreements. Training and dialogue also help build the capability of our contractors.

# COMMUNITY SUPPORT, STEWARDSHIP & INVOLVEMENT

Husco firmly believes in supporting its surrounding communities through various methods including providing financial assistance to a large and diverse group of nonprofits. Husco had made several unique philanthropic contributions that have provided significant impact in our community and around the world. One example is the \$2 million investment made to establish a Fluid Power Chair at Georgia Tech. This investment led to a \$25 million government grant and changed the face of hydraulic research & development in the U.S.

Husco believes that financial support is only one component of its local community investment plan. Service through leadership positions in the nonprofit sector is an explicit expectation of every Husco executive. 14 Husco executives sit on a total of 27 nonprofit boards or advisory committees, including the United Way in Waukesha County, YMCA of Waukesha, Family Services of Waukesha, Waukesha Manufacturing Alliance, Waukesha County Technical College, Waukesha Workforce Development Board, GPS Partners for Education and the Waukesha County Business Alliance.

What is unique about Husco is the Ramirez Family commitment to investing a significant portion of Husco's profits in charitable endeavors. To give you a point of reference, total corporate philanthropy in the United States represents less than 1% of pretax profits. Husco's goal is to contribute a minimum of 10% of pretax profits each year. We often contribute significantly more than this, resulting in years like 2016 & 2017 when Husco donated more to Wisconsin charities than any other business, including very large enterprises like Johnson Controls and Northwestern Mutual.

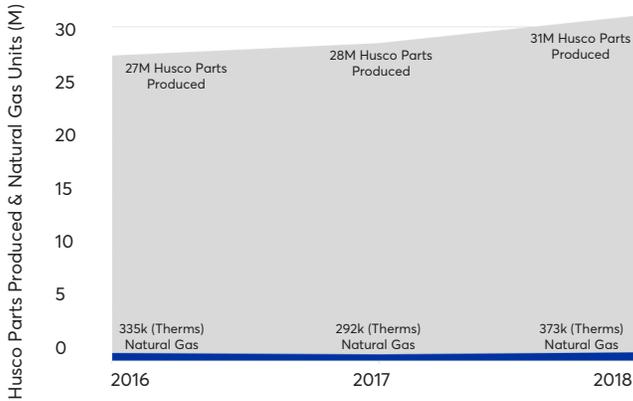
Another way that Husco is unique is the way that we focus giving. Although we support many different organizations, over 95% of what we donate is focused on K-12 education worldwide. Our investment in St. Augustine Preparatory Academy is our single largest investment, but we also provide significant donations to colleges and universities along with scholarships for exceptional minority students and the children of Husco employees. Highlights from Husco's 2018 charitable contributions are:

- Total donations of \$9.5M.
- St. Augustine Preparatory Academy in Milwaukee was, by far, the largest beneficiary with over \$4.3M.
- Husco donated over \$126,000 in matching funds alongside global employee contributions to the United Way, disaster relief, and 19 other nonprofit agencies.
- In China, the team donated and installed bookcases at local primary schools to promote education and participated in a 5K run/walk for a local breast cancer charity.
- In India, Husco provided financial and volunteering support to several local schools and helped construct a recreational facility.
- In the UK, Husco coordinated an off-road buggy STEM project with a local school and sponsored the local football team.
- Husco continues to provide approximately 100 scholarships for Milwaukee area students and children of employees.
- In total, Husco supported more than 100 unique charitable organizations.



# HUSCO EFFICIENCY AND RESOURCE MANAGEMENT

"Everything that we need for our survival and well-being depends, either directly or indirectly, on our natural environment. Sustainability creates and maintains the conditions under which humans and nature can exist in productive harmony that permit fulfilling the social, economic, and other requirements of present and future generations."



## Energy Consumption Reduction Projects

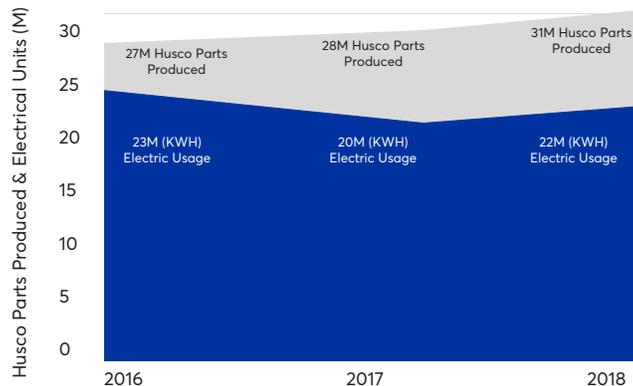
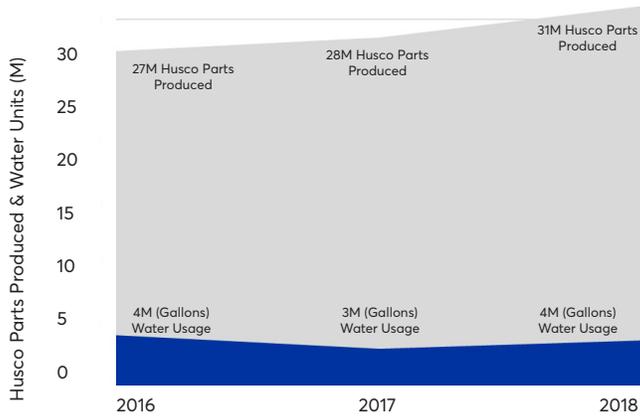
Removed dead water lines and wash facility Installation of a catch basin southwest of the engineering digging pit to reduce soil runoff from machine testing area.

Through quantitative analysis, Husco has reduced machining center oil usage by moving to a test-and-replace from calendar-driven oil replacement.

### Future Efforts:

Partnering with internal departments to determine feasibility of implementing used test fluid recycling programs for use on non-component operations.

Retaining specialized outside firms to analyze and create programs to target gas, water and electric consumption reductions in all Husco facilities.



# HUSCO CODE OF BASIC WORKING CONDITION & CORPORATE RESPONSIBILITY

Husco considers its employees to be our most highly valued and important resources. Accordingly, the company has established policies and guidelines to ensure that its employees throughout the globe be treated with respect, fairness and will be provided safe working conditions that meet or exceed industry standards. The company's guiding principles, as listed below, are consistent with, and in many instances, derived from the following human rights frameworks and charter:

- The United Nations Global Compact
- The United Nations Universal Declaration of Human Rights
- The Global Sullivan Principles of Social Responsibility

The diverse settings in which the company operates require that a statement of our basic working condition be general in nature. In certain situations, local legal requirements, labor agreements and other contractual and non-contractual arrangements may modify portions of this policy letter. Nevertheless, the company intends this to be an affirmation of basic guiding principles that should serve as the cornerstone of its relationship with employees.

## **CHILD LABOR**

The company will not use child labor. In no event will the company employ any person below the age of 16, unless this is part of an authorized job training or apprenticeship / internship program that would be clearly beneficial to the persons participating.

## **FREEDOM OF ASSOCIATION**

The company recognizes and respects its employees' right to associate freely and bargain collectively. The company will work constructively with recognized employee representatives to promote the interests of its employees. In locations where employees are not represented by unions, the company will provide opportunities for employee concerns to be heard.

## **COMPENSATION**

The company will promote our employees' material well-being by providing compensation and benefits that are competitive and comply with applicable law.

## **FORCED LABOR**

The company will not use forced labor in any form.

## **WORK HOURS**

The company will comply with applicable laws regulating hours of work.

## **BRIBERY AND CORRUPTION**

The company will under no circumstances tolerate the giving or receiving of money, gifts, or favors to influence improperly the behavior of another individual, organization, government employee, politician or government body in furtherance of a commercial or personal advantage. Bribery is never permitted, even in countries or regions where it may appear to be tolerated or condoned.

## **ENVIRONMENT AND SUSTAINABILITY**

The company will conduct business in a manner that provides responsibly for the protection of health and the environment. The company will continue to improve the environmental impact of its operations in the short term, and work toward the implementation of environmentally sustainable strategies in the long term.

## **RESPONSIBILITY AND IMPLEMENTATION**

The company encourages businesses throughout our supply chain to adopt and enforce similar policies. Further, the company will seek to identify and do business with organizations that conduct their businesses to standards consistent with this document.

## **REPORTING**

All company personnel must report known or suspected violations of this document through the established reporting channels. The company prohibits retaliation against anyone who, in good faith, reports a violation. Violations should be reported to Human Resources or the most senior ranking local official.