

2023 REPORT



# SUSTAINABILITY & RESPONSIBILITY REPORT

## 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."*

Austin Ramirez  
CEO, Husco

Husco's Automotive Division develops and manufactures products that enhance fuel efficiency, reduce emissions, and improve engine and transmission performance for global OEM customers. Our components are used in electric and hybrid vehicles, as well as traditional internal combustion engines. These innovations reduce global fuel consumption by over 800 million gallons annually, surpassing the emission reductions of all electric vehicles combined.

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.

**Environmental stewardship is a core value at Husco.** We invest in clean, energy-efficient manufacturing, including high-efficiency lighting, advanced fluid filtering and recycling, returnable packaging, and energy consumption innovations.

We believe sustainability fosters resilience. Our goal is to provide products that benefit our global customers economically, environmentally, and socially. We are proud of our contributions and are committed to developing new technologies to improve the environment and living conditions worldwide.

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## 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



## MANUFACTURING, ENGINEERING, & SALES

### Waukesha, WI - Headquarters

- Automotive Manufacturing (160k sq. ft.)
- Research & Development

### Runcorn, England

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

### Pune, India

- Off-Highway Manufacturing (37k sq. ft.; expanding to 118k sq. ft in 2025)
- Research & Development

### Shanghai, China

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

## MANUFACTURING

### Maquoketa, IA

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

### Whitewater, WI

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

## ENGINEERING & SALES

### Detroit, USA

### Porto Alegre, Brazil

### Ransbach-Baumbach, Germany

### Milan, Italy

## PERCENTAGE OF MATERIALS SOURCED LOCALLY

Sourcing materials locally reduces transportation and storage costs, lowers our carbon footprint, and promotes sustainable business practices.



64%

Off-Highway USA



67%

Automotive USA



78%

Off-Highway China



73%

Automotive China



34%

Off-Highway England



59%

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. 35+ Husco leaders donate their time through leadership roles at 65+ organizations, including the United Way in Waukesha County, Family Services of Waukesha, Waukesha Manufacturing Alliance, Wisconsin Community Services, Waukesha Workforce Development Board, 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 2022, 2017, and 2016 when Husco donated more to Wisconsin charities than any other business, including Fortune 500 companies like Johnson Controls and Northwestern Mutual.

Another way that Husco is unique is how 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.

## 2023 CHARITABLE CONTRIBUTION HIGHLIGHTS

- Named **#1 Charitable Donor in Wisconsin** by the Milwaukee Business Journal in 2022.
- Last year, **Husco donated over \$20M to St. Augustine Preparatory Academy.**
- **Husco contributed over \$500,000 in matching funds**, which, combined with global employee donations, resulted in more than \$1 million in total fiscal contributions to the United Way. Additionally, employees volunteered over 450 hours.
- Globally, **Husco teammates spent 2597 volunteering** for charitable organizations.
- In India, **Husco distributed 67,583 items to 3,091 students from 28 schools** in their local area. Donations ranged from school supplies to bicycles.
- In England, **Husco raised funds for Christmas gifts** to support over 180 families.
- **Husco provides more than 100 scholarships** for Milwaukee area students and children of employees.

## 2023 ENVIRONMENTAL ACHIEVEMENTS

**Husco is committed to supporting a globally sustainable future through proactive environmental stewardship.**

Our efforts focus on reducing our carbon footprint, conserving natural resources, and integrating eco-friendly practices across all facets of our operations. As we navigate the complexities of the modern world, our dedication to environmental sustainability remains steadfast.



Husco's Runcorn facility achieved ISO 50001 certification, enhancing their energy management practices to a globally recognized standard. Notably, redesigning the paint line led to a 90% reduction in the energy required to heat the prewash station.



The Maquoketa, Iowa facility took a significant step towards sustainability by implementing a packaging reuse program for landfilled waste, successfully diverting nearly 8 tons of waste from landfills.



This year, our Runcorn facility has made a significant upgrade by adding six EV charging stations, providing employees with convenient charging options where previously there were none. Additionally, the company expanded its fleet of electric vehicles, saving fuel and reducing its carbon footprint.



We broadened our environmental metric tracking to encompass our global operations. Additionally, we extended our scope of Category 3 emissions to include four more categories. ***More on this topic on the next page.***



## HUSCO EFFICIENCY AND RESOURCE MANAGEMENT

At Husco, we're committed to making a positive impact on the environment. In 2023, we took a crucial step in our sustainability journey by consolidating global environmental metric data. This effort supports the establishment of long-term sustainability targets that align with the 2015 Paris Agreement, aiming for global carbon neutrality by 2050. Below are some of the steps we took in 2023 to support this initiative:

- ✓ **Chose the Right Metrics:** We evaluated our operations to identify key metrics that measure our environmental impact. This selection ensures that we focus on the most critical areas for improvement.
- ✓ **Gathered Baseline Data:** Our 2023 data was consolidated across sites and business divisions to establish our baseline. This data will serve as the reference point for future improvements.
- ✓ **Identified Key Areas:** We pinpointed the main areas and/or processes where we can make a significant difference in the metric values. This targeted approach allows us to prioritize our efforts effectively.
- ✓ **Create a Roadmap:** We are in the process of developing a comprehensive Roadmap to Sustainability, which will encompass all our sites and business groups. This roadmap will outline specific projects and initiatives that we aim to accomplish to support our sustainability goals.

Taking this information and industry standards into consideration, we are determined to set ambitious targets that will propel Husco into the future of sustainable environmental management. We believe that by taking these steps, we can make a significant difference. *Thank you for supporting our journey towards a greener future!*



## HUSCO CODE OF BASIC WORKING CONDITION AND 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 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.

**Ethical Recruiting**

The company will comply with applicable laws regulating hiring in a fair and transparent manner.

**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.

**Diversity, Equity and Inclusion**

The company is committed to fostering an environment that recruits employees with a wide diversity of backgrounds and builds a culture that allows every employee to thrive. All employees who align with the company's values will have an equal opportunity for success and advancement, regardless of their race, national origin or ancestry, age, religion, gender, sexuality, personal style, minority or indigenous peoples, veteran status, disability or background.

**Land, Forest and Water Rights & Forced Eviction**

We believe that the sustainable production and consumption of automobiles should not come at the cost of forced eviction and the deprivation of land, forest and water rights of local communities. Husco is committed to upholding the human rights of communities impacted by our operations and supply chains, and to avoid any practices that result in forced eviction or the loss of land, forest, and water resources. We recognize the critical importance of these resources to the well-being and livelihoods of local communities.

**Equal Rights**

The company will provide equal treatment to all individuals or groups for employment-related decisions, irrespective of characteristics such as gender, race, color, religion, genetic features, social origin or any other legally protected class.

**Use Of Private Or Public Security Forces**

Husco acknowledges that the use of private or public security forces to protect our business or projects may have significant implications on the protection of human rights. We are committed to ensuring that the deployment of such security forces, if necessary, is carried out with the utmost care and caution. In this regard, we will not engage in the use of security forces unless we are confident that they have been adequately trained, controlled, and monitored to prevent any potential violation of human rights.



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