

Making Machines Smarter

HUSCO

INTERNATIONAL
control focused - technology driven

**HUSCO:
SUSTAINABILITY &
RESPONSIBILITY**

Making Machines Smarter

“HUSCO International is fully committed to its role as a global citizen. Accordingly, we practice sustainable behaviors throughout our global operations and develop revolutionary products and technologies which substantially benefit our environment.

Specifically, HUSCO’s Automotive Division develops and manufactures products that directly result in improved fuel efficiency, reduced emissions and enhanced performance of engines and transmissions for our global 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 90 million gallons per year with an associated benefit of over 800,000 fewer metric tons of CO2 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 reduction in the construction, mining and agricultural industries. HUSCO technologies such as INCOVA and Flow Summation have allowed us to become a globally recognized leader in machine efficiency providing 25-45% fuel savings, depending on application.

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 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 both economically, environmentally and socially. We are proud of our past contributions and look forward to developing new products and technologies which will continue to improve the environment and living conditions throughout the world.

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

-Austin Ramirez, CEO, HUSCO International



About HUSCO International

The name HUSCO is an acronym that stands for Hydraulic Unit Specialty Company. Inherent in this name is the core of our business model: developing innovative, customized hydraulic solutions that improve the overall efficiency, controllability and performance of automotive and off-highway mobile equipment. HUSCO does not have a standard catalog of products, instead we custom-design a new product for each customer application. We hold over 100 patents across a broad range of hydraulic technologies and use this intellectual property to differentiate HUSCO from our competitors. The firm operates in two distinct divisions that serve both the Off-highway and Automotive sectors.

HUSCO Automotive designs and manufactures the enabling components for many new automotive technologies such as variable valve timing, cylinder deactivation, advanced transmissions and oil pump controls. These are they key technologies that are enabling automakers to achieve the challenging miles per gallon and emissions standards set by the US Environmental Protection Agency. The fuel saved by HUSCO components produced in 2014 will exceed the total fuel savings generated by every plug-in electric vehicle on the road today! HUSCO's automotive components are used by a wide variety OEMs, including Ford, GM and Chrysler.

HUSCO's off-highway division designs and manufactures the main control valves used in mobile construction, material handling and agricultural applications. HUSCO's product acts as the 'brain' of the machine, controlling all motion on the equipment. We differentiate ourselves versus our competition by providing our customers with innovative hydraulic systems that help improve fuel efficiency, reduce system cost and improve machine controllability. HUSCO is known as an innovator in the space and have developed a number of patented, market-leading technologies including INCOVA, the most efficient and advanced control valve ever produced. It is typical for new HUSCO customers to achieve real-world fuel efficiency improvements as high as 40%.

Our Mission:

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 workforce and providing them with a collaborative and challenging environment. Our associates recognize that we are a part of a larger community and must act responsibly to protect our environment, work safely and respect all stakeholders

Our Values:

INTELLIGENT RISK TAKING

Make smart decision in the face of ambiguity and uncertainty.

HIGH PERFORMANCE

Expect the very best from ourselves and all of our stakeholders.

PRACTICAL INNOVATION

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

Our Cutural Expectations:

Personal Integrity
Economic Value creation

Customer Focus
Leadership
Teamwork

Communication
Balance

Making Machines Smarter

HUSCO International Global Footprint



HUSCO Totals:

10 Global Sales & Manufacturing Locations
 1,400 Employees
 700,000 sq ft
 Over \$400,000,000 in Sales

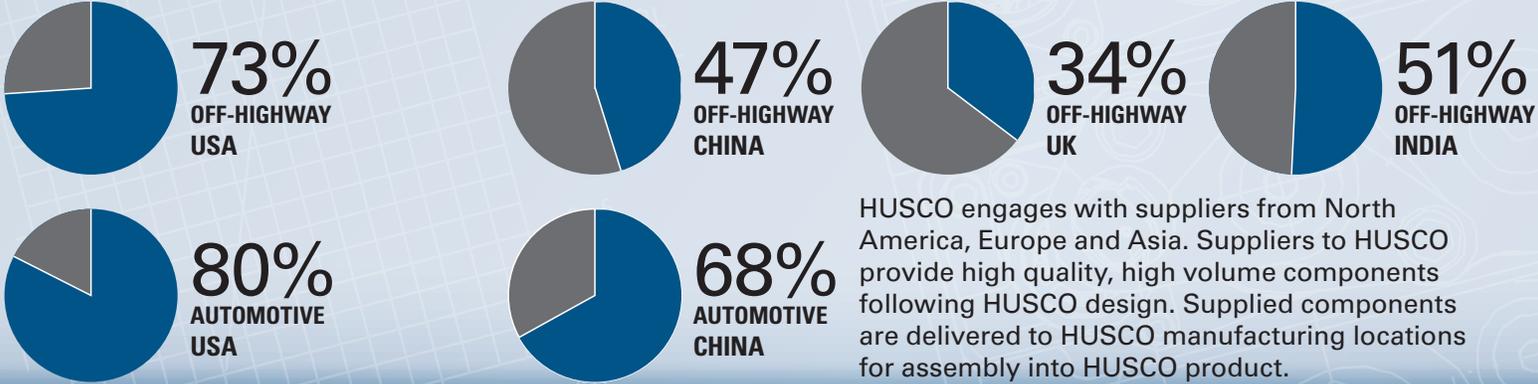
U.S.A.

- Waukesha, Wisconsin, USA**
Corporate Headquarters
 Manufacturing (250,000 sq ft)
 Sales & Marketing
 Research & Development
 Purchasing
- Whitewater, Wisconsin, USA**
 Automotive & Off-Highway
 Manufacturing (100,000 Sq ft)
- Maquoketa, Iowa, USA**
 Off-Highway Manufacturing
 (100,000 Sq ft)

International

- Shanghai, China Facility**
 Manufacturing (90,000 sq ft)
 Machining & Assembly
 Sales & Application
 Engineering
 Global Purchasing &
 Supplier Development
 Product & Application
 Engineering
 Machine Tuning and
 Development on Site
- Runcorn, England Facility**
 European HQ (90,000 sq ft)
 Manufacturing, Sales,
 Engineering, and R&D
 Machine Tuning &
 Development on Site
 Development Laboratory
 Global Purchasing &
 Supplier Development
- Pune, India Facility**
 Manufacturing (70,000 sq ft)
 Sales, Engineering, and R&D
 Machine Tuning &
 Development on Site
 Development Laboratory
 Global Purchasing &
 Supplier Development

Percent of Sourcing from Local Suppliers



HUSCO engages with suppliers from North America, Europe and Asia. Suppliers to HUSCO provide high quality, high volume components following HUSCO design. Supplied components are delivered to HUSCO manufacturing locations for assembly into HUSCO product.

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 aspire to have high-consumption lifestyles. We need 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. Our planet must be protected from 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 education, social justice, reducing poverty, and other grass roots 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 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 works 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), National Association of Manufacturers (NAM) and the North Central Minority Supplier Development Council, American Equipment Manufacturers (AEM), the Construction Equipment Association (CEM), the Center for Compact and Efficient Fluid Power (CCEFP) and the Korea Construction Equipment Manufacturers Association (KCEMA).

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 and Involvement

HUSCO firmly believes in supporting its surrounding communities through various methods including providing financial assistance to a large and diverse group of nonprofits. The company and its owners, the Ramirez family, donated over \$7 million to nonprofit and community organizations in 2014, or approximately 2% of sales and over 10% of profits before tax. These investments are reflective of the ongoing local and international commitment HUSCO proudly provides to enhance quality of life, growth and educational excellence in the communities we serve.

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. The Ramirez family has also invested millions of dollars to reform urban K-12 education in Milwaukee. In so doing, a new nonprofit was founded called Schools That Can Milwaukee, an organization focused on transforming outcomes in urban education. The family has supported the expansion of over 100 schools in Central and South America, serving over 20,000 children. Most recently, the company funded a seven figure donation to the Medical College of Wisconsin and the Milwaukee School of Engineering that is focused on bringing lean, six-sigma business practices into the healthcare sector. We believe that this investment has the potential to transform our region's healthcare system. Lastly, in September 2014, HUSCO provided \$2 million of funding to facilitate the acquisition of three YMCA branches by the Waukesha YMCA. This transfer of branches enabled the Milwaukee YMCA to successfully emerge from bankruptcy.

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. Using their finely-tuned business skill sets, our executives work diligently to help increase the efficiency and capability of every nonprofit they volunteer their time and energy to assist. HUSCO also provides matching funds for employee contributions to over 50 nonprofit organizations. Going further, HUSCO holds annual fundraising campaigns for the United Way and the United Performing Arts Fund.

Making Machines Smarter

HUSCO International 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.”

-Ramesh Gulati

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.

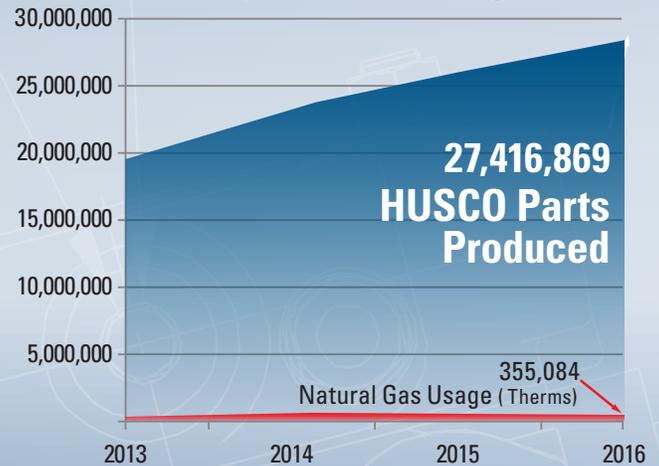
Through quantitative analysis, HUSCO has reduced machining center oil usage by moving to a test-and-replace from calendar-driven oil replacement.

Future Efforts:

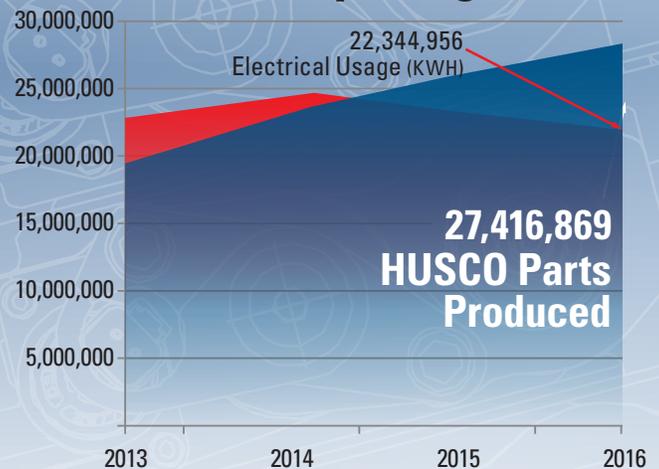
Partnering with internal departments to determine feasibility of implementing used test fluid recycling programs for use on non-component operations.

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

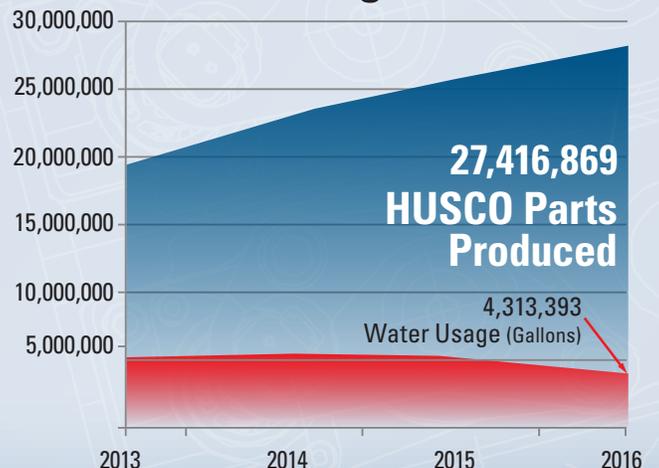
Natural Gas Usage



Electricity Usage



Water Usage



HUSCO Code of Basic Working Conditions and Corporate Responsibility

HUSCO International 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 conditions 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.

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.

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.

HARASSMENT AND DISCRIMINATION

As more fully provided in the attached policy, the Company will not tolerate harassment or discrimination on the basis of gender, race, color, religion, age, national origin, sexual orientation, disability or veteran status.

HEALTH AND SAFETY

The Company will provide and maintain for all employees a safe and healthy work environment that meets or exceeds applicable standards for occupational safety and health.

WORK HOURS

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

BRIBERY AND CORRUPTION

As more fully provided in the attached policy, 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 & SUSTAIN ABILITY

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 what conduct their businesses to standards that are 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 the VP-Human Resources or the most senior ranking local official.

