

*altronic*

2020 ESG Report





# Message from the President



DAVID T. LEPLY  
PRESIDENT  
ALTRONIC, LLC

On behalf of all the hard-working employees of Altronic, I am pleased to announce the release of our first ESG report. The information contained is intended to inform our stakeholder and customers of our commitment as good corporate citizens, as stewards of the global environment that we all share, to the health and safety of our employees, and to the highest standards of corporate governance.

Altronic's commitment to these basic values has served us well over the decades that we have been a manufacturer and supplier of high-quality products for our global distribution and customer base. In addition to designing products that serve to control and reduce the stack emissions from industrial spark-ignited gas and diesel engines, we make ongoing investments in our production facility and manufacturing processes to reduce environmental waste, reduce resource consumption, and improve the working environment for our employees.

# About Us

## Our Company at a Glance

Our company did not begin life as Altronic. It was founded in the mid 1950s as a small R&D organization. With the purchase of the rights to a unique engine technology, it became the Economy Engine Company. As work progressed, the engineers came to realize that the continuous spark requirements of the engine design required an alternator that could withstand the severe duty cycle of the application. With no such alternators available at the time, work began on our own design. This work eventually caught the attention of the Ajax Engine Company of Cory, Pennsylvania. Their need for a more reliable ignition system led to interest in the development of ignition technology using the lessons learned in alternator research and development. Using a combination of the words ALTERNATOR and ELECTRONIC, the name was changed to Altronic, Inc., a Division of the Economy Engine



Company. As the success of the ignition system development grew, the name was changed in 1984 to simply Altronic, Inc.

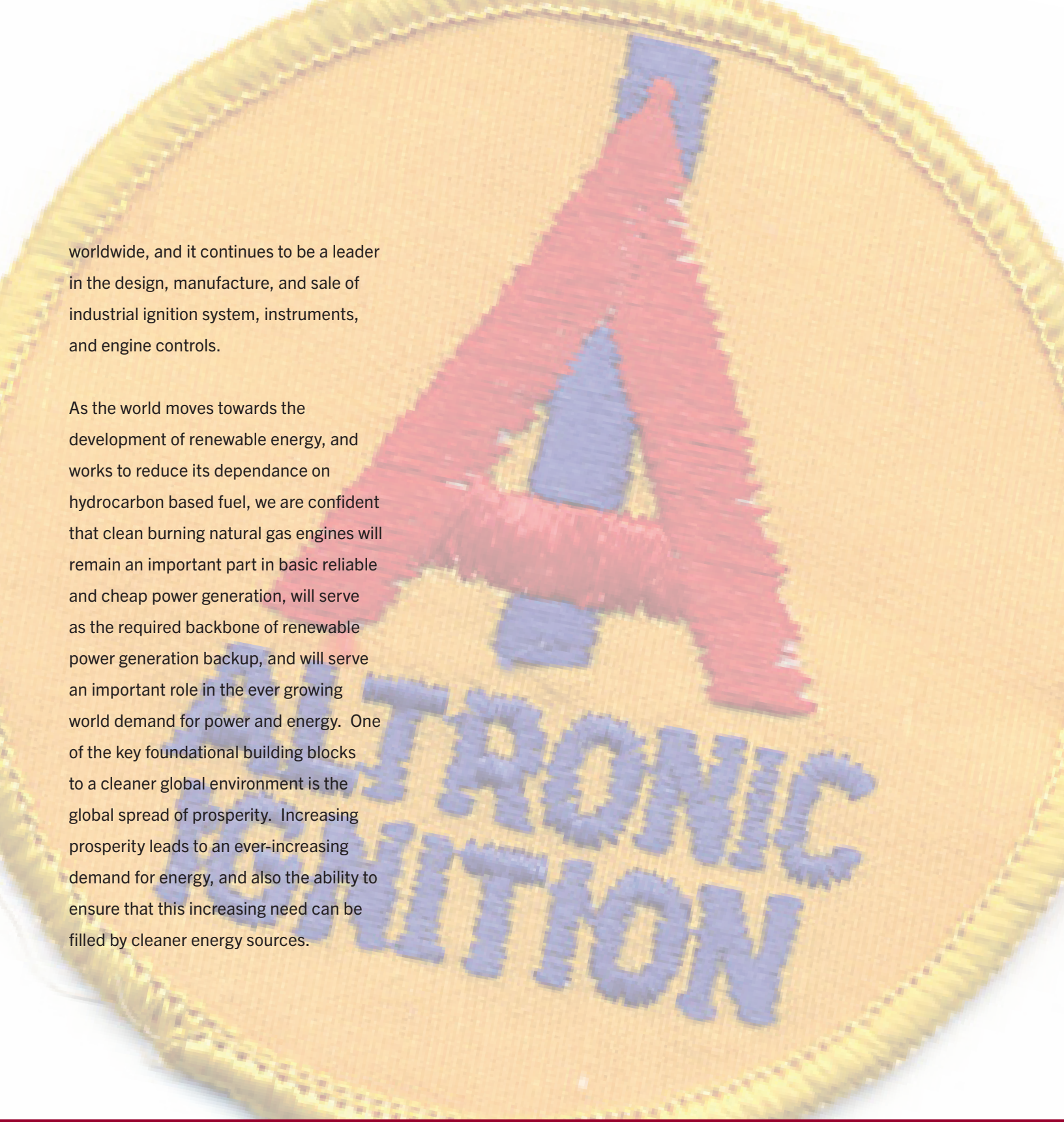
In the 1960s, as the solid-state transistor became economically practical, Altronic introduced ignition technology that used solid-state electronics to replace high maintenance breaker point magnetos. With this innovation, the Altronic line of modular solid-state engine driven ignition systems took the industry by storm and served as the foundation on which the company's success was launched. In addition to ignition development, Altronic innovated a line of instruments for the industrial engine market that represented a

paradigm shift in the quality of engine monitoring, protection, and shutdown.

In the 1980s, Altronic developed solid-state electronic ignition lines with no moving parts, and in the 1990s, developed innovative designs that allowed the use of microprocessors to be used in the high electronic noise environment of ignition systems. Other design initiatives included advanced feature matrices and powerful diagnostics. Altronic continued to push the envelope with innovations to accommodate lean burn, high boost engine technology, and advances in spark characteristic control.

In 2009, Altronic, Inc. was acquired by the HOERBIGER Group, headquartered in Vienna, Austria, and Zug, Switzerland, and the name was changed to Altronic, LLC.

Today, the name of Altronic maintains a very strong brand recognition



worldwide, and it continues to be a leader in the design, manufacture, and sale of industrial ignition system, instruments, and engine controls.

As the world moves towards the development of renewable energy, and works to reduce its dependence on hydrocarbon based fuel, we are confident that clean burning natural gas engines will remain an important part in basic reliable and cheap power generation, will serve as the required backbone of renewable power generation backup, and will serve an important role in the ever growing world demand for power and energy. One of the key foundational building blocks to a cleaner global environment is the global spread of prosperity. Increasing prosperity leads to an ever-increasing demand for energy, and also the ability to ensure that this increasing need can be filled by cleaner energy sources.

# Corporate Governance

When Altronic was acquired in 2009 by the HOERBIGER Group, the value of the Altronic name as a powerful brand recognition asset in our industry was recognized, and Altronic, LLC remains a legal entity within the HOERBIGER Group family. With the design and production of products that are unique within HOERBIGER, Altronic is very much a vertical silo, with a President located directly at the facility, along with senior management staff.

Altronic, LLC is a part of the HOERBIGER Engine Technology Business Unit. This includes a staff located in Vienna, Austria, that specializes in the design, manufacture and sale of fuel valve products targeted at internal combustion engines.

The President of Altronic reports to the head of the Engine Technology Business Unit, who in turn reports to the HOERBIGER Board of Directors and Corporate CEO.

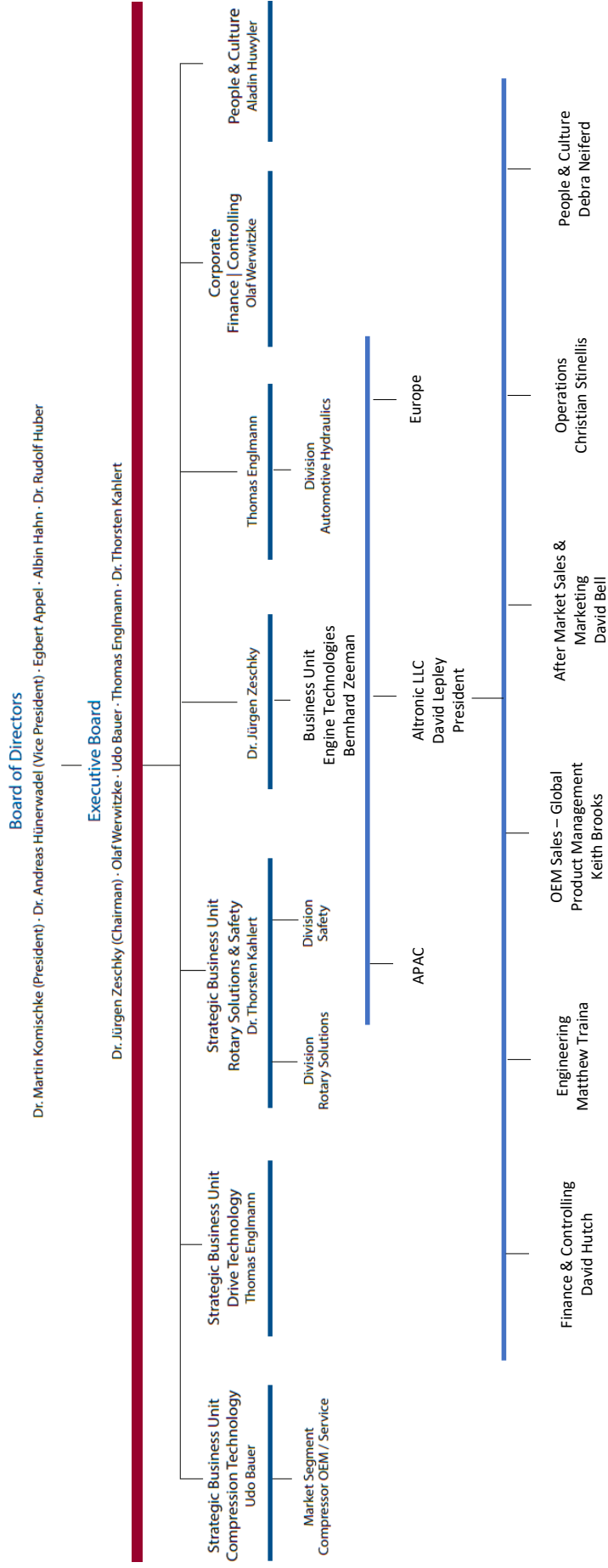
HOERBIGER sets broad policy and provides management services for its business units. The Engine Technology Business Unit sets policy specific to the unit operation as a whole. Altronic management sets specific policy for the legal entity and its operating facility. The Altronic management team meets on a regular basis (typically

weekly) to address issues in each of the functional areas of the business. These are discussed by the team, with solutions proposed, agreed upon, and implemented by the team.

Altronic provides a copy of the HOERBIGER employee manual to each of its employees upon release and revision. Each employee must sign to acknowledge receipt of this manual. The document provides employees with a clear written record of general employment policies and rules, and clearly communicated policies related but not limited to subjects such as workplace violence, health safety and environment, discrimination, workplace harassment, alcohol, drugs and other contrabands, and the HOERBIGER Code of Conduct.



## Organization Chart: HOERBIGER Board of Directors down to Altronic Senior Management Team



# People and Culture

As a trendsetter in technological niche markets, HOERBIGER is an enterprise in which new ideas find fertile ground. HOERBIGER employees are creative and have an entrepreneurial mindset with a “can do” attitude. We, at Altronic, build our relationship with our employees through the HOERBIGER Behavioral Pillars. These pillars are the unifying force for all divisions, regions, and functions around the world. Our Behavioral Pillars are an integral part of HOERBIGER expectations. They serve to foster trust and lead to the Sequence of Success with Value Based Leadership leading to increased employee engagement that fosters customer satisfaction and allows for independence and growth of individuals, as well as the entire company.

Altronic lives a culture of integrity and transparency in its business. Illegal or unethical behavior can harm Altronic and its stakeholders. We take compliance seriously: We will listen and act. Any employee can report suspected compliance violations on the HOERBIGER Integrity Line. Reporting can be anonymous and HOERBIGER prohibits retaliation against any person who reports a suspected violation in good faith, or who assists in a compliance investigation. All members of Management with HOERBIGER must adhere to the company Code of Conduct.



## ***Integrity means...***

- Behaving in an authentic and transparent manner
- Communicating in an honest and open way
- Acting with loyalty and decency

## ***Respect for the individual means...***

- Being courteous, open, and fair
- Appreciating different opinions
- An environment free of discrimination and harassment
- An understanding that people are different and that this is an enrichment of our lives

## ***Team Spirit means...***

- Giving and taking open, respectful feedback
- Addressing negative trends at an early point in time
- Colleagues who are affected need to be involved

## ***Ownership means...***

- Taking full responsibility for a task or project
- Involving all relevant parties in the process
- Mitigating risks and developing contingency plans
- Getting things done – solving problems



## OUR PRINCIPLES

- We manage our company by striving for highest standards of Business Excellence: because performance counts.
- We conduct our business with respect for human dignity, in recognition of human rights, and in accordance with applicable laws.
- We are committed to economically and environmentally sustainable business practices.
- We provide safe working conditions.
- We continuously develop the abilities of our employees, and evaluate performance objectively.
- We show mutual respect as we collaborate across cultures.
- We recognize the freedom of association of our workforce.
- We conduct all our business with integrity and transparency.
- We oppose corruption.
- We deliver superior products and services to our customers.
- We support free and fair competition, and we comply with relevant competition laws.
- We take due care in the selection of our business partners.
- We comply with export controls and anti-money laundering regulations.
- We treat our suppliers fairly.
- We expect our suppliers to strive towards the same high standards for business conduct and product quality that we have set for ourselves.
- We protect proprietary business information, private data, and intellectual property rights.
- Proprietary company information and data may be released to third parties only with prior authorization.
- We keep accurate records, and guarantee complete reporting of financial and operating information to management, shareholders, and third parties.
- We act with integrity and honesty at all times.
- We will declare potential conflicts of interest.

- We will protect the company's assets, and will not use our position at HOERBIGER for personal gain.
- We take pride in HOERBIGER.
- We protect the good reputation of our company as well as the image and the value of the HOERBIGER brand.

## WE LISTEN AND WE ACT

- We accept the challenges of ethical conduct.
- In critical situations we will support each other to keep our commitments to move HOERBIGER forward.
- We will speak up if things must be corrected or improved!
- Concerns are raised with local management. Should this not be possible, or no satisfactory response is received, every HOERBIGER employee may escalate a concern in the management structure – up to a member of the Executive Board, to a Compliance Coordinator, or to Corporate Audit.



*Average Tenure at Altronic: 14 years of service*

*Gender: 45% female*

*Gender in Management: 30% female*

*Voluntary Turnover: 7%*

*Diversity – Race: 12%*

# Safety, Health and Environment (SHE)

Altronic is fully committed to the protection of the environment through prevention of pollution, compliance of obligations and continuously improving our operations to minimize the effect on the natural world.

Since 2010, the Altronic facility is certified to ISO 14001:2015, the international standard that specifies requirements for an effective environmental management system. It serves to improve environmental performance through more efficient use of resources and reduction of waste, better serving our community, customers, and employees.

<b>Recycled Hazardous Waste</b>		
	<b>2019</b>	<b>2020</b>
<b>Lead</b>	<b>1027 lbs</b>	<b>798 lbs</b>
<b>Liquid Chemical Waste</b>	<b>512 gal.</b>	<b>225 gal.</b>

<b>Safety Incidents</b>		
<b>Year</b>	<b>No Time Lost</b>	<b>Time Lost</b>
<b>2016</b>	<b>0</b>	<b>1</b>
<b>2017</b>	<b>2</b>	<b>0</b>
<b>2018</b>	<b>0</b>	<b>2</b>
<b>2019</b>	<b>5</b>	<b>0</b>
<b>2020</b>	<b>1</b>	<b>0</b>

<b>QSHE Mission</b>	
<b>Quality</b>	<b>Goal of zero-defect strategy, First time right approach</b>
<b>Safety</b>	<b>Goal of zero accidents, Goal of eliminating safety risks</b>
<b>Health</b>	<b>Set preventive actions, Providing safe working conditions</b>
<b>Environment</b>	<b>Sensitive resource handling, Responsibility for society.</b>

## **Our Commitment**

*Achieving long term and successful customer relationship by surpassing expectations with our high quality, safe and environmentally healthy product, services, and operations.*

*Complying with applicable legal, regulatory, industry and corporate requirements.*

*Continuous improvement practice.*

*Leadership and accountability throughout the organization.*

*Open communication with stakeholders minimizing risks and leveraging opportunities.*

*Providing resources and training to enable the fulfillment of this policy.*

# COVID-19 Response

On March 22, 2020, the Director of the Ohio Department of Health issued a STAY AT HOME DIRECTIVE to all residents of Ohio. Included in this directive was an order for the closing of all non-essential businesses. In accordance with the definition adopted by the state of what constituted an essential business, Altronic was able to maintain daily operations.

Altronic immediately instituted a remote work policy for all employees whose duties could be carried out from a virtual office in their home. Within the factory, strict policies were quickly implemented to minimize exposure to and transmission of the COVID-19 virus. These included such actions as facility check-in procedures including a temperature check, regular cleaning of workstations, mask requirements, social distancing, prohibition of visitors within the facility, contact tracing measures, etc.

These procedures have proven to be highly effective, and although we have had a small number of employees exposed to the COVID-19 virus, we do not feel that their exposure took place within our facility, and no transmission took place. These employees were diligent in reporting positivity, in carrying through on contact tracing, and in meeting immediate quarantining requirements. Although these people experienced various levels of symptoms, we are happy to report that all have recovered to date.

We believe that the experience of this pandemic will/has resulted in valuable lessons far beyond the medical implications. It has demonstrated that employees can adjust to working from virtual offices while maintaining, and even increasing productivity. The result will be the development and implementation of policies to increase the flexibility of work time and location, which we feel will enhance employee satisfaction and quality of home life.

Another lesson is the benefit of the elimination of unnecessary travel. Lockdowns and the prohibitions on travel have advanced the technology and global acceptance of video conferencing applications. In addition to the significant cost savings and reduction in the carbon footprint of business life, the reduction in travel will help to improve quality of life for employees who find themselves in such positions, allowing them to save precious lost time to travel logistics and to spend more time with family.

# Our Impact – Environmental Related Products

Included in the vast portfolio of industrial engine products designed and manufactured by Altronic are several product lines designed to contribute to and enable the control of emissions of stationary industrial internal combustion engines in use throughout the world. The following is only a brief review of these systems and their contribution to aiding the environment. Complete information on these and other products can be found at [www.altronic-llc.com](http://www.altronic-llc.com).

## Electronic Ignition Systems

Working in concert with the design of the engine combustion chamber, the ignition system creates high voltage on the anode side of the spark plug gap. When the voltage differential becomes sufficient to create a conductive path of ions within the gap, a current rush flows from anode to cathode, resulting in a spark. Under the right conditions, this spark results in the creation of many small flame kernels in the air/fuel mixture located within, or which is passing through, the gap. In cases where these infant flame kernels combine and grow properly, a flame front is created that sweeps across the combustion chamber,



resulting in a successful power cycle for that cylinder of the engine. Once a sufficient number of these flame kernels are created, the ignition system makes no further contribution to the combustion cycle. In this manner, the ignition system is not in control of stack emissions, but is rather an enabler of the engine and fuel control's ability to minimize the emissions that result. The ignition design contributes to the successful power cycle by proper design and application to the combustion chamber design, spark plug, fuel mixture quality. So, from the standpoint of the contribution of the ignition system, a successful ignition cycle does not ensure proper emissions, but a failure to light off the fuel charge will result in unburnt hydrocarbons going up the stack. Altronic's decades of design and application experience has resulted in a product array of basic and advance ignition technology designed for use on modern internal combustion engines that are designed to ensure emissions levels that meet stringent state and federal regulations.

## Air/Fuel Ratio Control

Whether the engine and fuel control are designed as stoichiometric (match of air and fuel required for complete combustion), or lean burn (excess oxygen achieved through





high turbo boost and increased compression ratio), the proper control of air and fuel is critical. Failure to achieve and maintain this control under design and transient conditions, will result in elevated emissions and combustion

instability. A wide array of systems work as stand-alone air/fuel control systems, or operate in concert with the engine controller.

### Engine Controls

In modern stationary internal combustion engines, reliance on advanced electronic engine controls is a given. In this sense, they are the “brains” of the engine. These systems offer start/stop, speed, air/fuel ratio, speed, and ignition control, along with monitoring and safety shutdown protection, advanced diagnostics, data logging, data telematics and communications. In addition to providing reliable engine operation, the controls ensure



that the engine can meet and maintain its emissions certification.

### GTI Bi-Fuel

The Altronic GTI Bi-Fuel product line allows for the fumigation of natural gas into stationary diesel engines, thereby substituting cleaner burning natural gas for a percentage of the diesel fuel. This technology offers advantages in terms of cost savings and extended run time of the diesel fuel tanks.



In 2014, the GTI Bi-Fuel system became the first of its kind to achieve certification with the California Air Resources Board. Under the governance of this executive order, the diesel engine retains its emissions rating under dual fuel operation and its related benefits.

While not marketed or certified as an emissions reduction technology, the GTI Bi-Fuel system combined oxidation catalyst after treatment can result in reductions of oxides of nitrogen, particulates, and reactive non-methane hydrocarbons.



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**HOERBIGER**  
*because performance counts*

