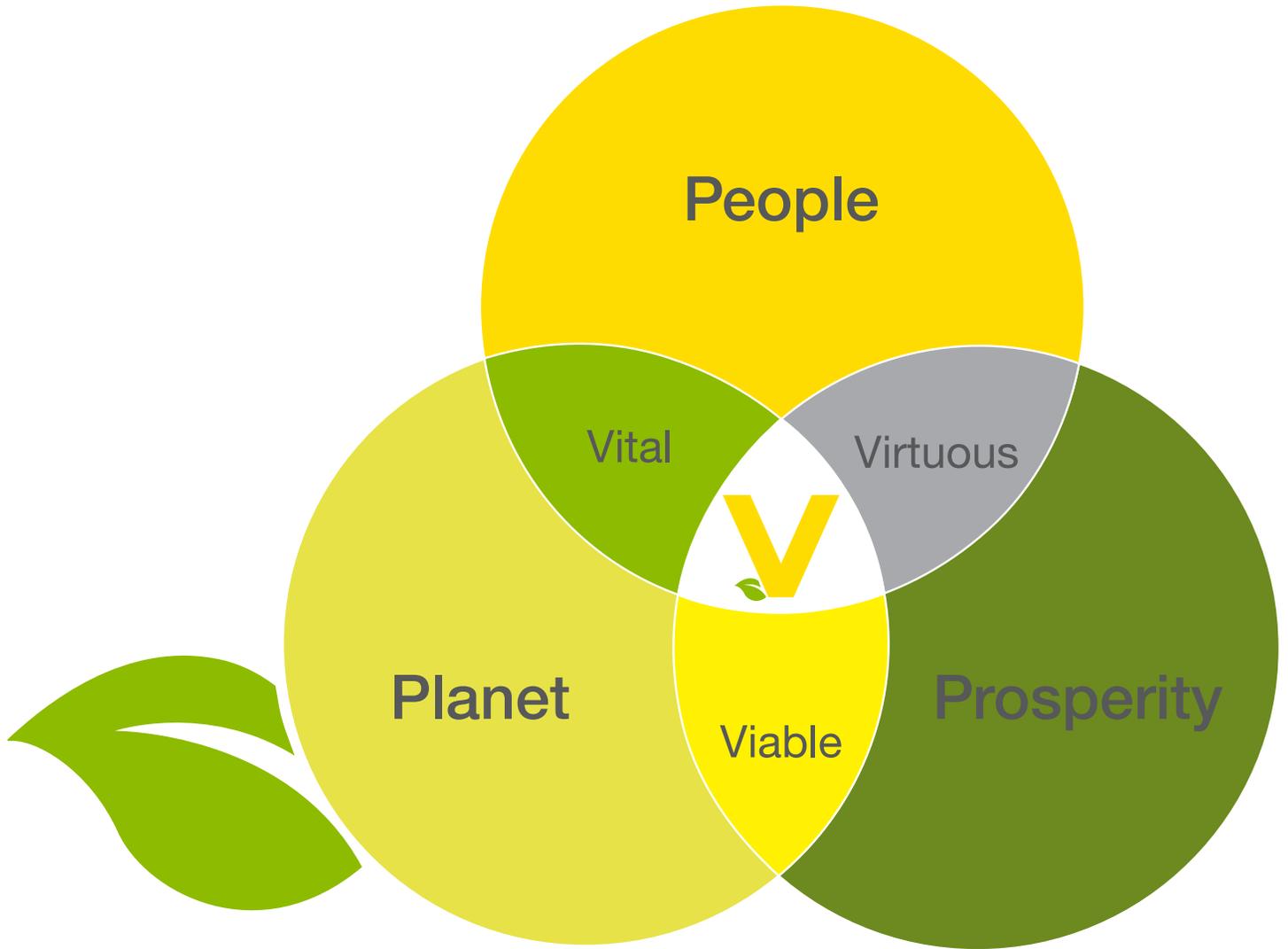


# VEGA Americas, Inc.

2016 Sustainability Report



Looking Forward

**VEGA**

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## Message from the President

As a global leader in instrumentation, VEGA Americas prides itself on providing specialized, best in class measurement products for process industries worldwide. As this report reflects, we also pride ourselves in our dedication and commitment to sustainability, and the stewardship it brings.

With future population projections of 9 billion people, the harsh reality of water stress, diminishing energy supply, rampant pollution, and social injustice will continue to be exacerbated. Yet within these challenges, we, at VEGA, see opportunity and potential. We see a world that can be shaped into one of resilience. Thus, as innovators of technology solutions, sustainability and continuous improvement are already an integral feature of our values and mission.



Population projections of 9 billion people, more pollution, and less resources



Writing this report comes in the midst of an exciting time. We are well into our journey of having sustainability ingrained in our culture. Efficiency continues to be a crucial part of the processes for production, operation, and waste management. By renovating our existing campus in Cincinnati, Ohio in 2013, we successfully reduced our energy consumption. That effort laid the groundwork for building a sustainable work environment and long-term strategy. Our next milestone will then be one of employee education and training in sustainability. The way we see it, if we do not think and act sustainably as a team and business, then we ultimately fail to fulfill our obligations to our customers and our planet. We realize that the core of a business is its employees, and they are the most valuable asset to our success. Lastly, our third milestone will be in business strategy and working with our customers to ensure transparency, accountability, and trustworthiness.



Our efforts now will ensure that we will continue to thrive in this rapidly changing global arena, without compromising the resources necessary for success.

## Who We Are

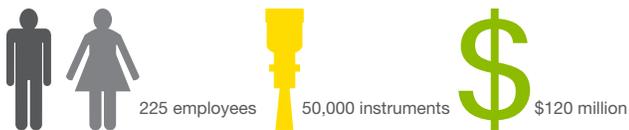
VEGA is the global leader in microwave radar and nuclear instruments, while also providing best in class products using ultrasonic, pressure, and vibrating switch technologies.

Our end use customers are comprised of virtually every major process industry, including power, chemical, oil and gas, pulp and paper, pharmaceutical, refining, water and wastewater, mining, and food and beverage. With an industry base so broad in scope, the opportunity for innovation, adaptation, and creative design is endless.

We are a global organization. While our headquarters are located in Cincinnati, OH, USA, we are a German-owned subsidiary. Our organization operates in many additional countries, including Canada, Mexico, China, South Korea, Japan, Latin America, and the Caribbean. Thus, each customer presents us with a unique situation and challenge to embrace.

### Scale

The scale of this report is limited to our initial focus, which is the continuous improvement of our employees and facilities. The 2016 report has been drafted by our Sustainability Committee.



Hence, this report will reflect on our 225 employees, net sales in excess of \$120 million per the 2015 fiscal year, as well as an excess of 50,000 instruments sold per year.

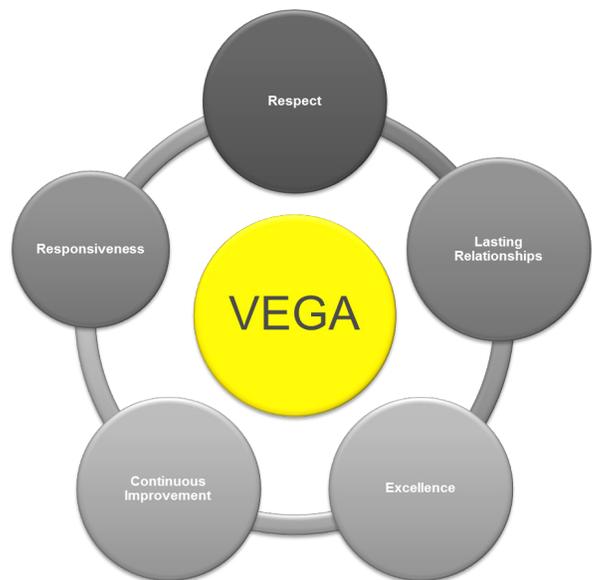
### Governance

The oversight and goals set within this report are derived from the Sustainability Committee with focus and direction from VEGA's President and COO.

### Scope and Boundary

Currently, we are in the early stages of our sustainability journey: goal setting and strategy building. Our internal Sustainability Committee is composed of future leaders from throughout the company who specialize in various departments, and demonstrate initiative, enthusiasm, and creativity in forward- looking thinking. The goal of the committee is to incorporate our established goals into all aspects of the company.

There are several existing programs and efforts that have been successful in shaping a sustainable foundation, demonstrating our awareness and commitment to future similar endeavors. We take pride in the cooperative, productive, and inspiring work culture that we have created, and our sustainable features have helped to form this.



# Performance Indicators

Our 2016 Sustainability Report reflects the three areas that we prioritize for sustainability: People, Planet and Prosperity. Without all three in balance, our goals cannot be achieved.

## People

- Wellness
- Safety
- Community Outreach
- Future Success



## Planet

- Landfill Diversion
- Efficient Manufacturing
- Campus Remodeling



## Prosperity

- Long-term Thinking
- German Inspiration
- Run, Improve, Grow (RIG)
- Cyclical Model



## Our People

Our employees form the backbone of VEGA Americas. They provide the platform for creativity, progress, customer satisfaction, and efficient operations. By enacting a multi-pronged approach to employee well-being and productivity, we seek to ensure approval of all team members—our most important stakeholders.

### Wellness

Healthy, active, and safe employees are ideal for any company, and we have enacted several programs to actualize this goal:

- Several healthcare benefit options available to all full-time employees
- Tobacco-free campus
- Biometric screening
- Debt-Proof Living Program

### Safety

Due to the nature of our business, safety is an upmost priority throughout our campus. We have several programs in place to ensure the safety of our employees.

- Safety Steering Committee dedicated to providing awareness about emergency shelters, fire and severe weather drills, and other safety related issues. All members are trained in CPR and First Aid
- Yearly allowance towards PPE including steel-toe boots and protective eyewear
- Annual safety audits conducted by Cintas and B.W.C
- Only 2 OSHA recordables since 2013
- Our personnel take ownership of ensuring their exposure remains ALARA (As Low As Reasonable Achievable). VEGA Americas had an outstanding year for our annual radiation

exposure for monitored personnel. The total combined exposure of our monitored personnel is just above the 5000mR/yr exposure limit for one person allowed by the Nuclear Regulatory Commission.

### Community Outreach

We seek to expand our values beyond the VEGA campus, volunteering time and resources for the development of surrounding areas.

- Our employees dedicate over 50 hours of service through community activities at VEGA. Some of the activities include: food and toiletry drives, clothing drives, blood drives, Christmas Families program, and more.
- Our corporate giving is in excess of \$25,000 per year

### Work-Life Balance

Sustainability incorporates the principle of balancing work duties and other activities, and we fully endorse this.

- Opportunity to join and participate social clubs such as “Skyline” dining club, donut club, and several sports teams
- Annual company-wide events such as the Montgomery Inn Rib Luncheon and summer picnic.

### Future Success

It is our goal that every employee at VEGA feels enriched, having gained valuable tools and skills throughout their time here.

- Comprehensive training ensures a positive start to employment, producing informed and enthusiastic new team members. These programs include: LiNK, SOAR, and BEQ.
- There are also programs offered to employees, rep agencies and customers who want to learn more about our processes. Some of these programs are: Authentic Communicator, Radiation Safety Training, Lead with VEGA, and specific product training
- We have established a company-sponsored scholarship program that is designed to help employee’s children continue their education in college or other vocational programs, because their future success is also important
- We offer a tuition reimbursement program for our full-time employees
- In 2016, we implemented an Employee Development Plan, to encourage our employees to learn and grow within our organization
- In the past 5 years, we have maintained a 95% retention rate

## Our Planet

We are committed to environmental stewardship, as we recognize that our success ultimately depends on the vitality of our planet. We aim to minimize our impact on its already depleted resources so that it may someday return to a state of resilience.

### Landfill Diversion

A major driver in pushing our planetary boundaries has been the over-consumption of materials and resources. In this respect, we aim to minimize our consumption but also increase our reuse and recycling of all materials. Thus, a crucial goal that we will work towards is to become a zero-landfill company. We see this as a necessary step for all companies to take as we face a future of shrinking resources. Our progress thus far includes:

- A system has been developed to recycle glass, plastic, aluminum cans, paper, cardboard, ink cartridges, lightbulbs, e-Waste, and batteries in our supply rooms and lunch rooms
  - We are working with a new recycling company that collects and recycles all wood and plastic pallets, bubble wrap, and other plastic shipping films.
- E-Waste Collections Program developed in 2012. Since then, we've recycled over 15 tons of e-Waste
- ReSource™ program for nuclear materials, derived through employee innovation
  - Industry standard is to ship radiation sources filled with nuclear material to landfill once they are "old". Instead, we have them re-encapsulated for reuse
  - In 2008, our rate was 25%, compared to our post 2009 recycling rate of 95%
  - Reused enough radiation sources in the past 4 years to cover an entire year's worth of production of new equipment



### Efficient Manufacturing

Like any manufacturing company, the majority of our ecological footprint arises in production. By utilizing LEAN Principles we eliminate excess water in its conception, before it must be recycled or processed. Here we exemplify our value of "Looking Forward" and continuous improvement to always seek efficiency.

- Beyond building needs, our production process uses no water
- Lightweight packaging: going beyond the industry

standard to ship our products in an efficient fashion that minimizes unnecessary consumption

- Quick-Crate® collapsible shipping crates and Flexform use less material per square inch, and use plywood as opposed to real wood that is processed or laminated
  - Added capacity of workers; assembly time was significantly lowered
  - Both are reusable
- Pre-pack forms in shipping avoid the use of any non-biodegradable filler materials (no air-filled containers, no pellets, etc.) as customized cardboard shapes eliminate the need while adding protection
- Cardboard paper used instead of foam; previous years used over 13,000 pounds of foam a year in packaging—now entirely replaced by cardboard. A cardboard bailer was installed at the end of 2015 to recycle all cardboard waste.
- On-demand manual printer: previously we stocked 10,000+ instruction manuals to be put into packaging with products
  - Eliminates the need to import manuals from Germany and cuts down on the associated transportation emissions
  - Prevents thousands of trees being cut down that were potentially wasted on unused or obsolete manuals
  - The Training department is moving to small participant guides for training courses, and replacing 200+ page booklets with electronic versions.
- Currently assessing ways to further eliminate manufacturing waste, particularly through by-product synergy themes

### Campus Remodeling

The renovation and remodeling of all three buildings on our campus headquarters will jumpstart our environmental goals.

- Qualified for LEED silver certification by incorporating LEED design initiatives and sustainable construction practices
- Major emphasis will be on what matters—energy and water consumption—in recognition of the global strain on these particular resources:
  - Light and Energy Efficiency: motion centered lighting with high energy efficiency bulbs, and combined, energy-saving heating and cooling systems
  - Employee-focused design: maximum daylight and views, campus sidewalks & bicycles for transportation other than cars
  - Water Efficiency: Bioswale landscape elements added to naturally filter campus rainwater prior to treatment
  - Fire system and alarm safety advances
  - New roof on the Sales and Manufacturing buildings in 2016, to increase energy savings

## Our Prosperity

At the crux of social and environmental concerns is what makes it possible: business and financial success. In order to achieve this, we recognize the importance of strategy and planning to ensure that we are active players in the new paradigms of international business. A business that foregoes sustainable visioning might also forego success.

## Industries

Our role in major industries worldwide enables us to provide technological solutions where they count—in emerging, alternative, or sustainable industries. In this sense, we can be a part of the solution in many different ways and forms.

## Long-term Thinking

Energy and water demands will continue to shape our decision making at VEGA. Our long-term strategies demonstrate a focus on these two realms, as we realize the need for:

- Clean, alternative, and energy efficient technologies
- Clean drinking water and sanitation for the billions worldwide that currently lack it
- More controlled, responsible technologies for water use in agriculture, industry, and increasingly urbanized areas

To VEGA, long-term means our business succeeding 100 years from now, not just the next fiscal year. In this sense, we will continue to be a reliable partner for our customers.

## German Inspiration



The campus of VEGA Germany has been rooted in sustainability since its conception and there is potential for our future efforts by following their lead while strengthening our relationship. Admirable features include:

- On-site hydroelectric power station, energy management system, combined heating and cooling, daylight dependent lighting, etc.
- Conducting business with solar power plants, biogas plants, hydroelectric power stations, and other energy-efficient companies

## Cyclical Model

The importance of a cyclical, holistic business model comes into play. Our various areas of operation and decision-making must always complement others, as each action at VEGA is derived from our mission, strategy, and values. Similar to a life cycle analysis of a product, we must do the same as a company: analyzing, nurturing, and determining the best route of our actions.

## Run, Improve, Grow

We are also taking on a major initiative of focusing on Customer Intimacy and building lasting relationships with our customers, representatives, and employees. Although our customers have always been our #1 priority, we are taking our customers, representatives, and employees relationships to a higher standard with combined efforts from every department and our other daughter companies. In 2015, we adopted the philosophy of RIG (Run Improve Grow) here at VEGA. RIG will help us get to that next level of customer intimacy by aligning quicker service to our customers, increasing our capacity, simplifying processes, and providing us a positive impact in our people, our planet, and our prosperity as a whole. Consistently looking ahead to ensure our people and planet can coexist in a positive outlook is the only way for VEGA to prosper.

## Looking Forward

The Sustainability Report for 2016 highlights VEGA's current state. While we are at the brim of our sustainability endeavor; we have created an excellent environment as a basis to start from simply through our values and strategy. In 2015, the Sustainability Committee focused on educating our employees, and making sure all were well-versed in the possibilities sustainability brings. The committee is moving towards overall process improvements, and continuing to find actions we can take to improve the future of VEGA, and its partners.

We are also deeply dedicated to environmental protection, ensuring that we are active stewards in resource and material conservation, reuse, and recycling. Our goal is establishing a sustainable workforce and workplace and that these values will carry over into a sustainable business strategy, in which we do not get lost in the changing tides of our planet, but gain resiliency and customer trust in our technology solution delivery.