

Ariel Corporation 2022

ESG STATEMENT



WORLD STANDARD
COMPRESSORS

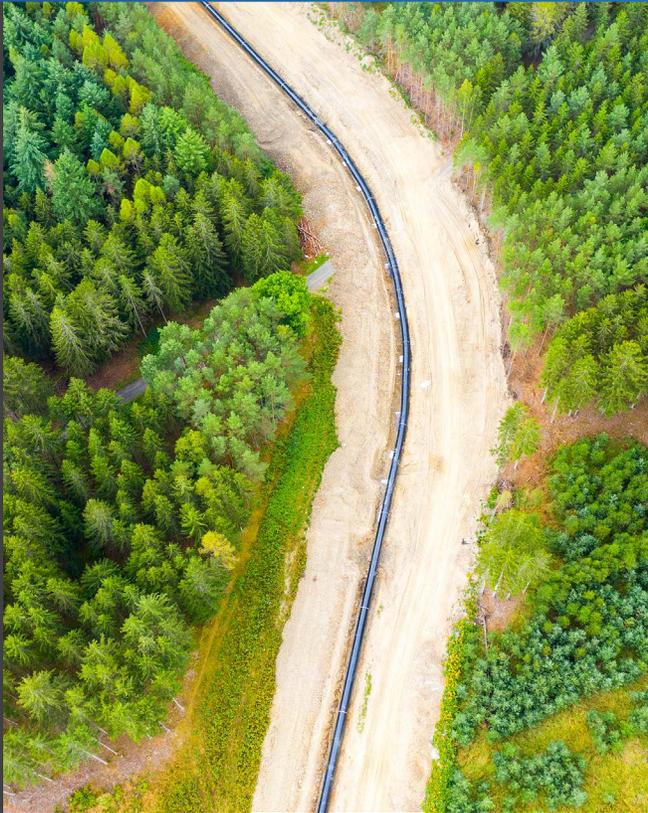




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Ariel Corporation Is the
World’s Largest Manufacturer
of Reciprocating Natural Gas
Compressors.



CEO Letter

Welcome to Ariel's environmental, social, and governance (ESG) statement. Contained in the document are our efforts to apply an ESG framework to our operations and product offerings. I hope that it is evident that we have worked to develop this statement in a way that is consistent with Ariel's deeply held culture and values. This statement gives us an opportunity to examine every aspect of the company's operations. We have found much to highlight within the good work that we do as a matter of course across the company. It has also helped us identify additional focus areas that will further enhance our operations and continue to enhance our products.

Though ESG is relatively recent terminology, its underlying values are not new to us. At Ariel, we've always focused on the long term. We want the company to be healthy and thriving 50 years from now. This focus on the long term informs every aspect of how we run the business. We continually reinvest in our facilities, equipment, training, and tools with a focus

on more efficient operations. We work to eliminate waste in processes across the company. We shepherd our resources so that the business has what it needs to survive and thrive. We foster long and mutually beneficial relationships with suppliers, distributors, and end users. Outside of our walls, we invest in the health and wellbeing of our communities through philanthropy and volunteerism.

Ariel's engagement with ESG also extends to our products. As our customers seek to implement their own ESG strategies, Ariel collaborates with them to provide a variety of solutions to offer that will decrease emissions and improve the sustainability of their operations. Our longstanding focus on the efficiency and durability of our compressors and the elimination of downtime in their operation provides tremendous value to our customers' evolving requirements. Ariel is well-positioned to play a major role in the energy transition in the economy. As the market brings us new and exciting opportunities for emissions reductions and energy efficiency projects, our product will place us at the forefront.

Thank you for your interest in ESG at Ariel.

ALEX WRIGHT
CEO, Ariel Corporation

An aerial photograph showing a dense forest of green trees on the left, a dirt road or path in the middle, and a long, dark pipeline running along the right side. The pipeline is supported by small white posts. The overall scene is a mix of natural greenery and industrial infrastructure.

01 ENVIRONMENTAL SOCIAL GOVERNANCE

Ariel sets the standard for gas compression with the equipment we manufacture. By incorporating best practices, we reduce our environmental impact in our operations, in the technology we apply, and through service and support to customers.



Facilities and Energy Management

At Ariel, we believe it is our duty to provide a safe and healthy work environment while manufacturing a product that will endure for decades.

This duty includes being responsible for how we use our energy and resources. We continually review our operations for opportunities to improve efficiency, reduce consumption, and eliminate waste. Each project below highlights our commitment to this goal.

Recyclable Metal

Over decades of operation, we have seen opportunities to increase sustainability across our facilities, including recycling. Ariel collects and recycles 100% of discarded metal components as well as chips and shavings that stem from our machining processes. The chips and shavings come from turning, milling, and drilling metal castings, while discarded components derive from casting materials that don't meet Ariel's rigorous quality standard. Ariel constantly reviews new component materials and manufacturing methods to reduce excess materials in our manufacturing processes.

Reusable Packaging Materials

One of the biggest waste producers in many manufacturing processes is the packaging material necessary to ship and protect products moving throughout facilities. Wood pallets are a primary packaging material used in manufacturing and shipping. Often, when pallets begin to wear out, or when they arrive at their final destination, they are either scrapped or recycled. At Ariel, we choose to completely recycle all wood scrap and pallets. However, before recycling an unusable pallet, we repair and refurbish it, preventing waste and the need for external recycling efforts. Additionally, we offer customers rebate credits for returning pallets, containers, and shipping flanges to us so we may use them again.





Efficient Fuel Sourcing

In support of the expanded use of natural gas throughout the energy sector, Ariel encourages natural gas as a vehicle fuel. Therefore, we have made a concerted effort to support the use of American-sourced compressed natural gas (CNG) for commercial fleets and passenger transportation. As our own fleet continues to grow, newly upgraded CNG-dedicated and bi-fuel (CNG + gasoline) vehicles ensure a cleaner alternative to diesel and gasoline. Since 2015, we have reduced our transportation fleet's carbon footprint by over 300 metric tons, signifying a 15% reduction from the equivalent diesel technology.*

*Reduction calculated utilizing driver's logs, Environmental Protection Agency (EPA) greenhouse gas equivalencies, and American Gas Association (AGA) natural gas vehicle resources.

Reducing Transportation

One of our goals is to transport products with the most environmentally friendly, direct energy source. Minimizing transportation is even better. Ariel's focus on partnering with local and regional suppliers is one way we are reducing transportation-related emissions. Ariel has also looked inward for opportunities to improve efficiencies and reduce transportation waste. In a monumental task over the past few years, Ariel realigned nearly one-third of our manufacturing capacity to organize machines by product type. This significant investment has resulted in faster throughput on a product line and reduced many transportation requirements between in-house operations.

Energy-Saving Lights

Well-lit facilities are essential in maintaining a safe work environment and producing quality products. Ariel operates over 1.3 million square feet of facilities, requiring a large amount of lighting. Ariel is transitioning our lighting to efficient, long-lasting LED bulbs. This lighting change reduces bulb replacement and decreases energy consumption. At the start of 2022, LED technology is in 90% of our facilities, with a goal of 100% conversion by 2023.



Process and Domestic Water

Water is one of the most important resources on our planet. In manufacturing, water is classified in two ways: process water and domestic water. We use process water throughout our facility in various manufacturing processes and domestic water for drinking and sanitation. We put forth considerable effort to separate the domestic water, process water, and associated waste streams within each facility. This separation affords employees additional health and safety benefits, as it eliminates any chance of contaminating domestic water sources and allows the domestic water to be safely released and recycled. Meanwhile, we capture 100% of process water waste so that independent specialists can properly treat and return the water to the region's supply.

Product Technologies

Ariel compressors are utilized throughout several alternative energy sources such as hydrogen, renewable natural gas, compressed natural gas (CNG), or carbon capture, contributing to a cleaner, more diverse global energy supply. Additionally, Ariel continually tests and improves its products to maximize compressor and component life. This improvement includes minimizing raw materials and energy used in producing and distributing compressors and components. Ariel also focuses on eliminating gas leakage from the compressor during operation, which stems primarily from the piston rod packing for a direct, positive effect on the environment.

Although new Ariel packings meet or exceed the industry expectation, Ariel pursues the lowest leakage rates achievable.

Ariel continues to demonstrate our commitment to building the most environmentally friendly compressor through various product development projects.

Packing Development

As previously noted, the standard Ariel packings meet or exceed today's industry standard requirements in many locations, and we are striving to do even better. Ongoing research and development efforts include modeling and testing packing in extreme operating conditions, ensuring the best possible seal. We are also developing designs and materials to extend packing life, further reducing emissions beyond the industry standard. Ariel's goal is to develop and provide a packing that minimizes emissions as close to zero as possible while also extending the life of the packing.



Valve and Valve Motion

The CP/CPs valve is the most reliable compressor valve Ariel has ever introduced. This unique valve design extends run times, resulting in fewer callouts and truck rolls due to unplanned shutdowns. It also requires fewer shutdowns/blowdowns,* fewer replacement parts produced and consumed, and fewer failed parts going to landfills.

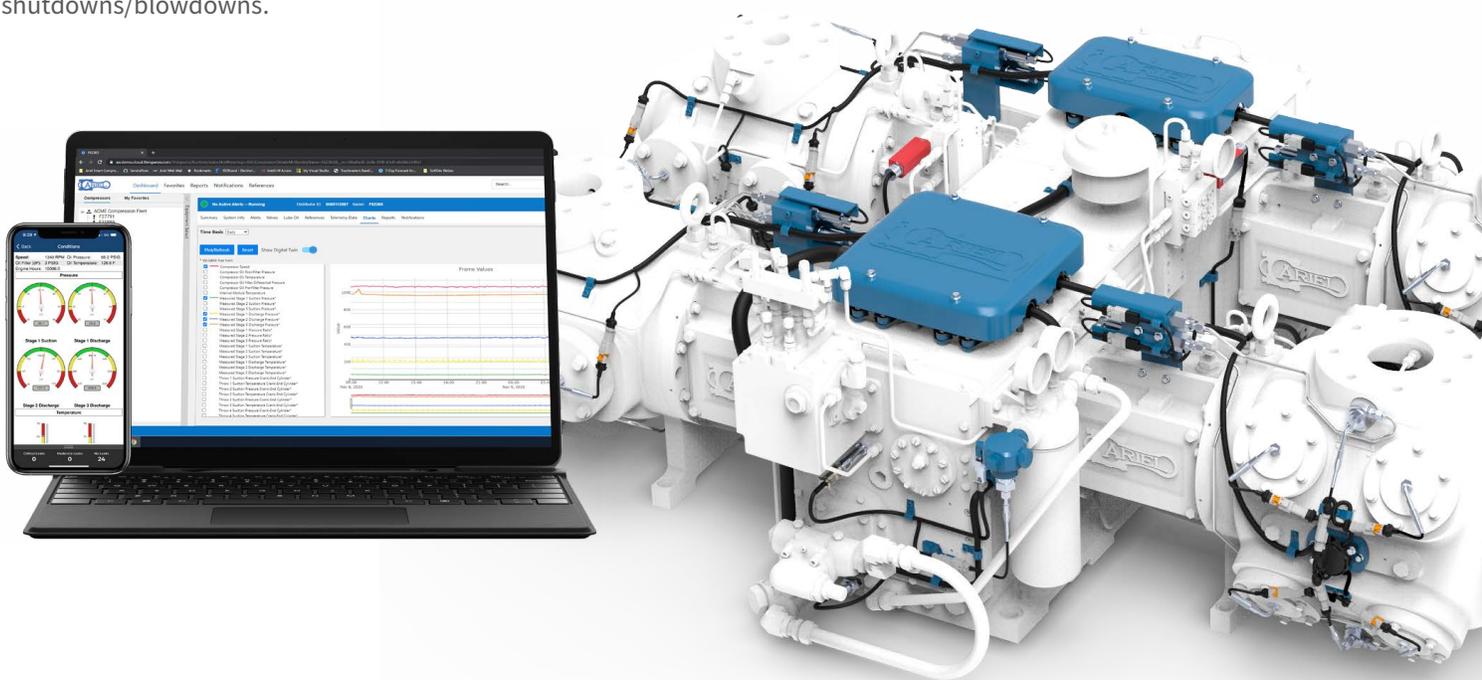
*As defined by the EPA STAR Program, a blowdown occurs when the high-pressure gas remaining within the compressors and associated piping between isolation valves is vented to the atmosphere during the shutdown procedures. (<https://www.epa.gov/natural-gas-star-program/reducing-emissions-when-taking-compressors-line>)

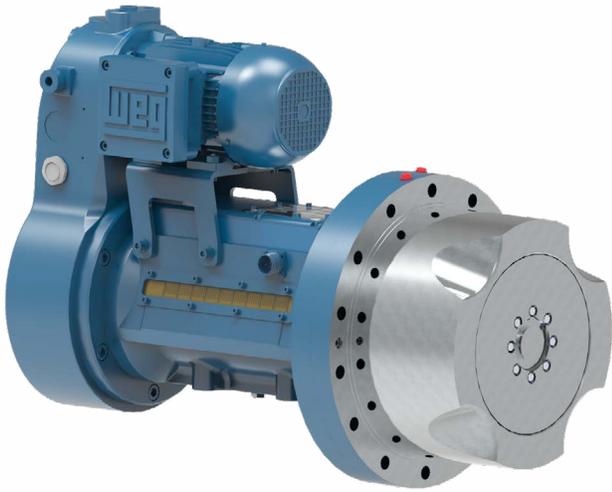


Ariel Smart Compressor (ASC)

ASC is a novel compressor instrumentation, monitoring, and control system that continuously monitors the health of the compressor and its components. It alerts operators when a potential failure is developing. The operator can plan shutdowns and part replacements, avoiding extra service truck deployments and emergency shutdowns/blowdowns.

Data from these units will enhance the accuracy of predictive analytics. This data leads to the replacement of components when they need replacement instead of at pre-determined intervals, further reducing maintenance activities and the related environmental impacts.





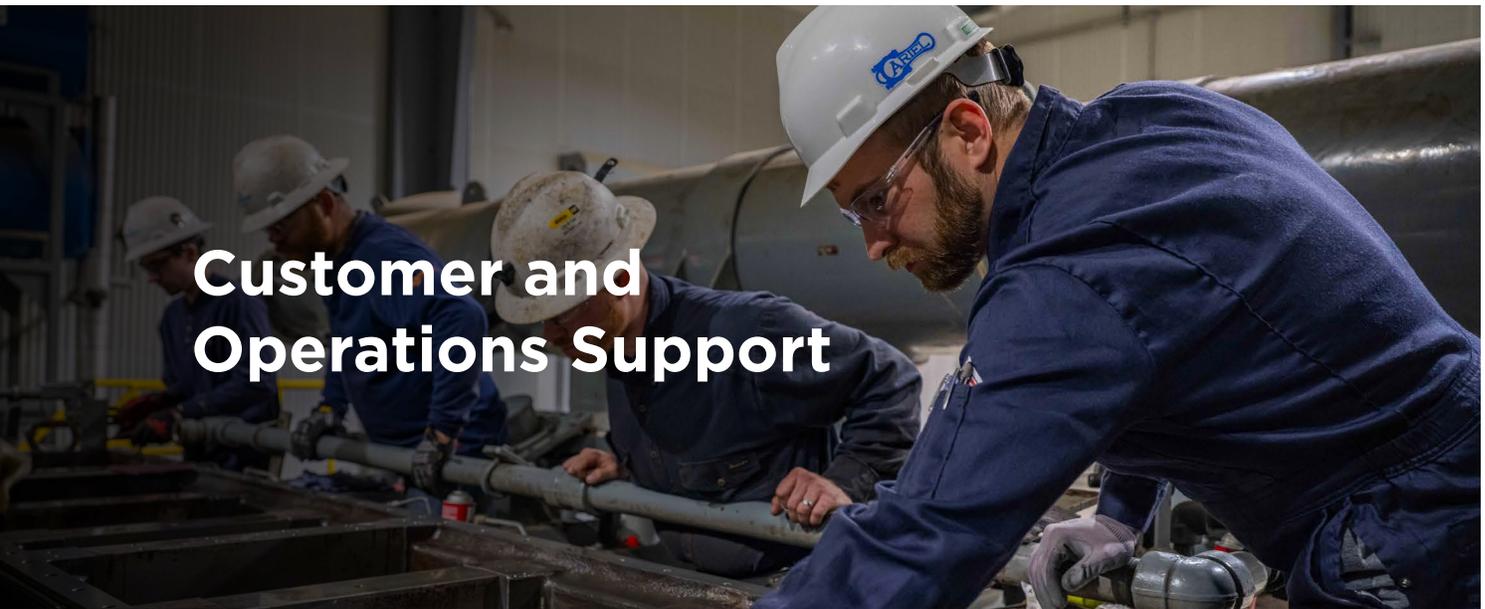
Electronic Variable Clearance Pocket (eVCP)

The eVCP automatically adjusts gas flow through the cylinder to maintain optimal load on the driver, promoting the most economical use of the compression package and the energy it consumes. Additionally, pneumatic unloaders can be a source of greenhouse gas emissions when actuated with gas. While maximizing the compressor operating efficiency with their use, eVCPs can reduce the need for pneumatic unloaders altogether, further reducing potential emissions.

Additional Product and Research Projects

Being mindful of the environment, Ariel is undertaking several additional projects that impact sustainability. Some of these projects directly affect the emissions of a compressor. In contrast, others may extend service life or improve efficiency. By being purposeful in our project selections and diligent in design efforts, Ariel will positively affect compressor lifecycle, performance, and environmental impact.





Customer and Operations Support



Ariel recognizes that our scope of emissions control is limited after a compressor leaves the production floor. Ariel packaging partners integrate the compressor to fit the end user's needs, with varying designs and controls for customer emission requirements. Variations then lead to many differences in the final design, implementation, and integration of all emissions controls.

Ariel, therefore, provides Packager Standards, a robust technical resource intended for the packager and end user. Applying these best practices will lower emissions while operating the compressor and associated equipment. It is also a key reflection of Ariel's culture to continually support operations and improve our products, even after the compressor arrives at the customer's final location.

Helping customers throughout the compressor's lifecycle achieves the most prolonged, safe, and efficient compressor operation.

Ariel realizes that extending the operational life of a compressor creates an additional avenue of limiting lifecycle emissions. By keeping compressors running as long as possible, the environmental impact of waste from decommissioning and replacing the unit will decrease. Ariel also provides comprehensive lifetime technical support and training for Ariel users. Combined with product maintenance and upgrades, compressors can run indefinitely.



Product and Customer Support

Ariel offers resources to help optimize a customer’s operation. The Ariel Fleet Manager allows customers to monitor their Ariel Smart Compressor connected fleet remotely. Remote diagnostics, such as valve leak recognition and lube oil consumption, across an entire fleet, allow performance checks without the need to drive to the worksite. ASC uses telematics to provide remote awareness and monitoring capability and leverage enterprise systems. This technology grants remote data storage and analytics that facilitate the development of artificial intelligence to aid in continuous monitoring.

Ariel provides all the necessary technical and support information for our products at no charge to our end users and distributors. We also offer complimentary in-person and virtual training and a mobile application for Ariel equipment users to learn safe and efficient practices to maintain Ariel compressors. These services allow Ariel to better support end user operations and the long-term health of the compressor by teaching proper maintenance activities. Training and education lead to fewer failures, extend equipment life, and reduce overall emissions.

Ariel is fully committed to reducing the environmental impact from facilities’ operations involving the production of Ariel compressors. Ariel will continue to invest in the latest technologies, monitoring systems, and continuous technical training and support to expand the compressor’s lifecycle and reduce its overall emissions.

Customers Trained

*Covid19 impact/restrictions in 2020/2021

2019	2020	2021
3,500	1,500	1,300

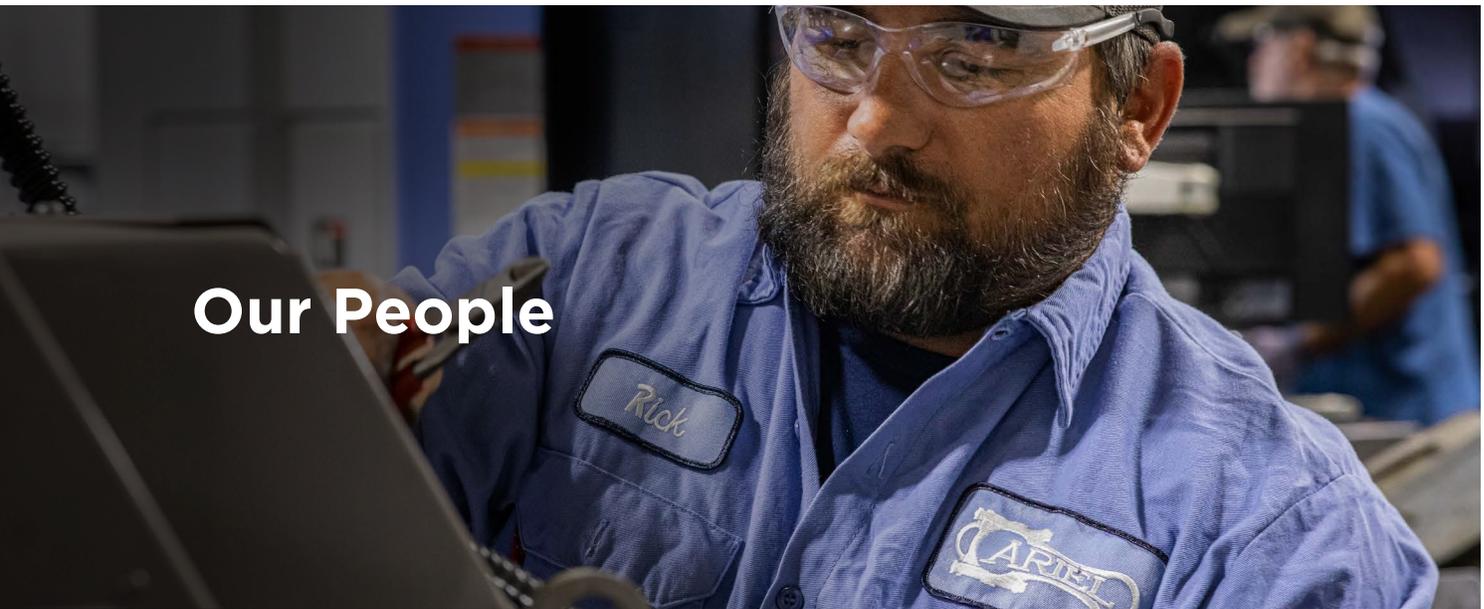


02 ENVIRONMENTAL SOCIAL GOVERNANCE

Ariel works tirelessly to show respect and attention in all we do because we care about the people who surround us. We strive to build up our communities and partnerships, as well as the people within our talent pipeline. In doing so, Ariel sets the standard in fostering meaningful relationships that safeguard our longevity, value to others, and contribution to energy availability. We recognize that the result of our collective work will make energy affordable and accessible.



Our People



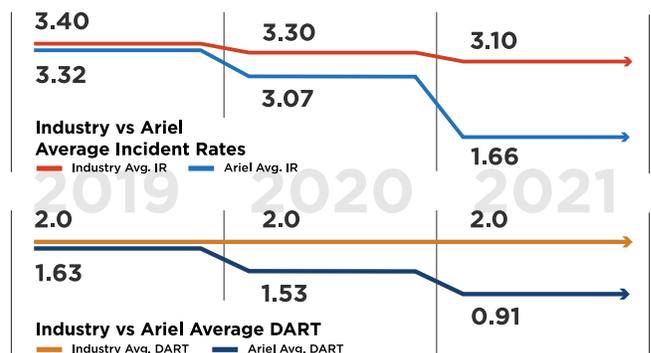
Ariel thinks and acts holistically when it comes to our employees, and we demonstrate our daily commitment to this in numerous ways.

Ariel regards employees as invaluable resources. Even in periods of downturn, we have chosen to retain our workforce to better position ourselves for future periods of growth. Ariel also prioritizes health and safety in our everyday lives. We encourage employees and, as importantly, their families to advance their physical, emotional, and financial health through various wellness programs. Sponsored by Ariel, Wellness Clinics are readily available to all employees and family members to respond to their immediate needs. We also provide and encourage participation in a wide variety of benefit programs such as critical health and disease prevention, student loan repayment, and retirement benefits.

Ariel places great emphasis on safety and the incident review process, led by our Incident Review Team. We further enhance our safety by using the Lean Manufacturing concept of 6S (Safety, Sort, Set, Shine, Standardize, and Sustain) throughout our manufacturing

facilities. We measure progress toward our goal of no accidents by comparing ourselves to two nationally recognized measurements: Incident Rate (IR) and Days Away, Restricted, or Transferred (DART).

In both cases, the lower the value is, the better. Ariel is currently at 1.66 IR, which is significantly lower than the industry average of 3.1. We also monitor DART, which reflects the severity of the incident. Ariel, at 0.91, is less than half of the industry average of 2.0. These two metrics combined tell us that Ariel is trending in the right direction. We promote health and safety through our mindsets, observations, and protocols every day. And, we will continue to champion our culture of caring in whatever we do, wherever we go, and with whomever we do business.



Ariel traditionally focuses on upskilling our employees during the energy industry’s inevitable low business cycles. 2021 was a lower production year due to an energy market slowdown and the COVID-19 pandemic. Yet we still dedicated over 100,000 training hours to our workforce. As an additional investment for our future, several Ariel training programs earn college credit for employees. Aligning training programs with the education sector encourages an individual’s continuous learning and professional development, even beyond the Company’s business needs.

Several years ago, Ariel anticipated talent shortages for our entry-level manufacturing positions. Ariel proactively created learning opportunities through high schools, technical schools, and colleges to develop the building blocks of manufacturing skills. Ariel now offers tiered skill building with basic manual machining, starting at the high school level, which creates pathways for high technology manufacturing careers. Additionally, we diversified our engineering talent for decades with a collegiate cooperative education program that integrates real work experience into a student’s curriculum.

Developing these diversified talent programs creates added benefits. Students learn that Ariel’s facilities are clean, safe workplaces to explore exciting manufacturing career choices. Equally important for Ariel, students discover a work culture that is challenging, employee-focused, and inclusive.



We continually look for ways to grow and care for our workforce, not just for the future of Ariel as a business but also for the families and local communities where they reside.

Employee Training Hours

2019	2020	2021
30,100	126,600	106,900

Our Communities

Community and civic responsibility are core values to Ariel. Our involvement in the community is far-reaching through civic partnerships cultivated over decades of service.

Ariel's mark and impact are evident to the communities where we live and serve. Ariel consistently prioritizes giving back to our communities. Charitable efforts include annual on-site fundraising campaigns for nationally recognized organizations, such as United Way and Relay for Life, and contributions to local schools and other philanthropic organizations. Annually, Ariel proudly contributes to over 150 community and charitable organizations.



Ariel's commitment to the community extends from philanthropic donations to direct participation in community organizations. Members of Ariel's leadership serve on boards of directors and trustees for diverse area organizations, such as local chapters of United Way, Chamber of Commerce, and YMCA.



Our Partnerships

Ariel chooses long-term and mutual goals with our suppliers. Through close partnerships, we keep our supply chains viable during shifting business cycles. In fact, a number of suppliers who were a part of Ariel's success when we first opened our doors in 1966 are still with us today.

We work diligently to create partnerships that mature over time and promote mutual business success.

Being a partner also means promoting collaborative work. We jointly plan for long-term and short-term supply chain needs, from the design of products to smoothing out shipping disruptions so that both parties are more efficient and effective overall. Many of our suppliers are locally or regionally based, which means being geographically more accessible for sourcing. We can meet in person to address concerns together quickly and also reduce shipping distances dramatically.

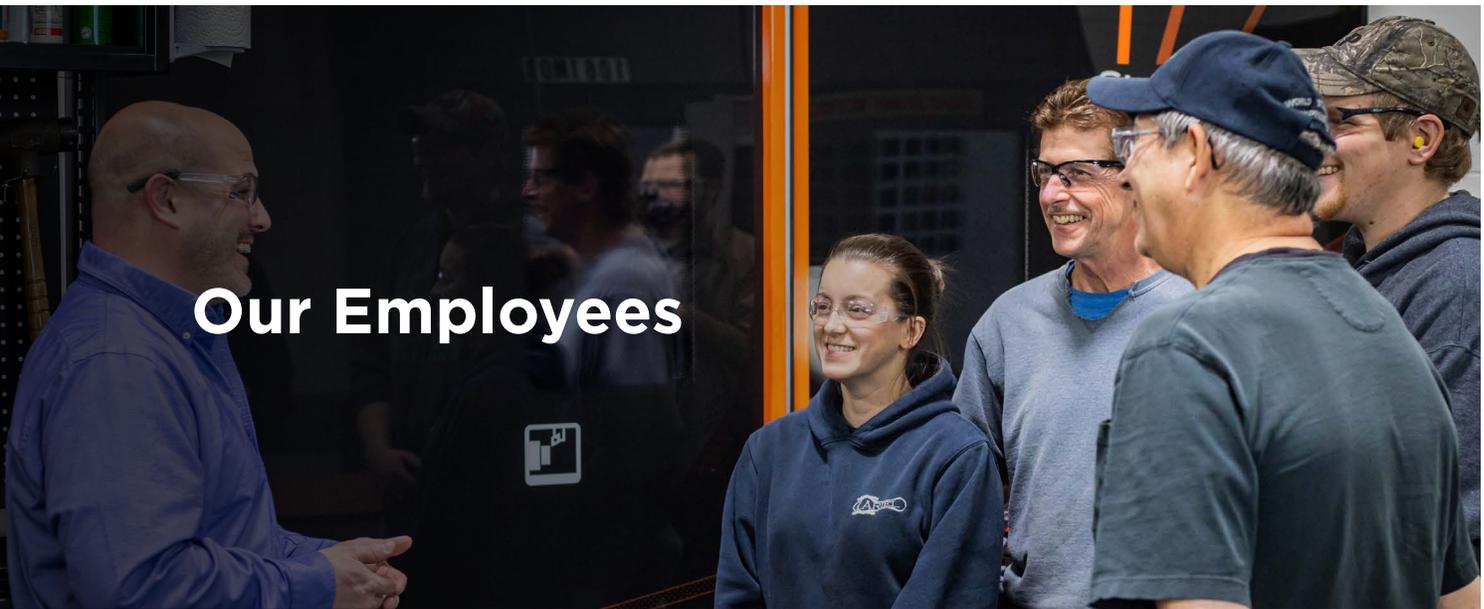
Likewise, our distribution partnerships rely on collaboration and communication. Ariel offers robust sales and technical support round-the-clock for both domestic and international distribution bases.



03

ENVIRONMENTAL SOCIAL GOVERNANCE

From inception, Ariel was built on fundamental core values that remain strong and true today. One of these values is continuous improvement, which permeates everything we do through our actions, products, and involvement with the communities where we operate. Our governance stance is the same: detailing, documenting, and establishing processes and procedures around critical focus areas. This is the Ariel standard by which we operate, maintain, and go above and beyond the status quo. Anyone we do business with will have the opportunity to experience this Ariel standard in each of the following focus areas.



Our Employees

Ariel’s business procedures, processes, and policies work systemically to support our core values and overall business needs. From the employee’s first day, we train people to be aware and understand our policies. These policies support our unique culture and ensure we maintain and fortify our inclusive environment.

Employee onboarding covers all employees working at Ariel and comes in various forms: eLearning modules, instructor-led classes, and hands-on technical training. Onboarding covers Ariel’s expectations, policies, and practices to ensure we comply with local, state, and federal laws. Onboarding also reinforces and upholds our work environment and cultural standards. On top of this, employees complete additional training during onboarding that covers Ariel’s safety focus, our Quality Management System, and several other topics. This instruction helps new employees understand that they play a pivotal role in maintaining and building upon Ariel’s business practices, priorities, and culture. All full-time employees have 24/7 access to our most up-to-date Employee Handbook containing the specifics in these areas.



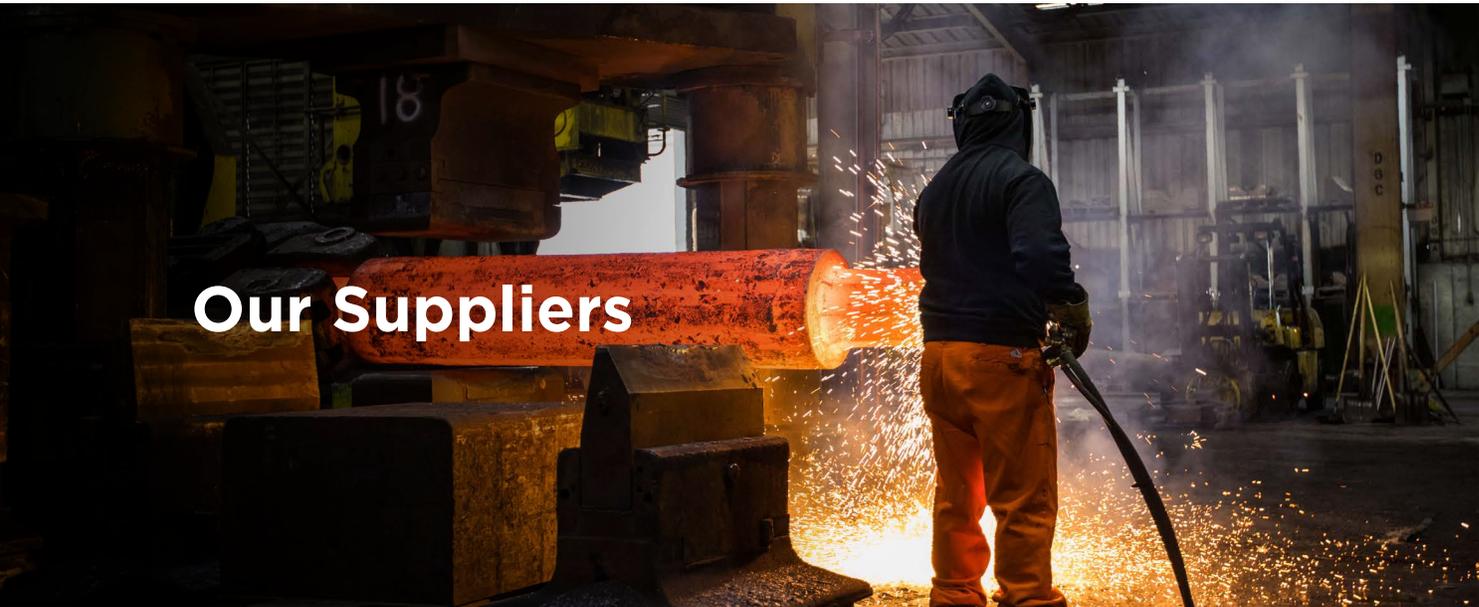
As a part of an ongoing learning focus, we regularly launch training initiatives to refresh and grow our workforce on many topics, including specific areas of compliance, technical skills, interpersonal skills, and leadership skills. Our latest initiative focused on front-line operation supervisors, who maintain responsibility for most of our workforce.



Leaders at Ariel play an essential role in managing day-to-day operations and fostering a positive workplace for their employees. As such, leaders with formal and direct supervisory responsibilities receive specific training on Ariel’s policies and procedures. Supervisory, management, and executive-level leaders use these policies and procedures to hold employees accountable. Providing 24/7 access to related training resources and policy documents equips leaders with the necessary tools for effective communication with employees.

Each of these supervisors participated in training covering a wide variety of leadership skills fundamental for supervision. Additionally, employees who could impact anti-bribery, anti-trust, and export controls receive annual training in these areas. Although these initiatives require substantial time and resources, Ariel exercises these best practices to benefit the organization and employees.





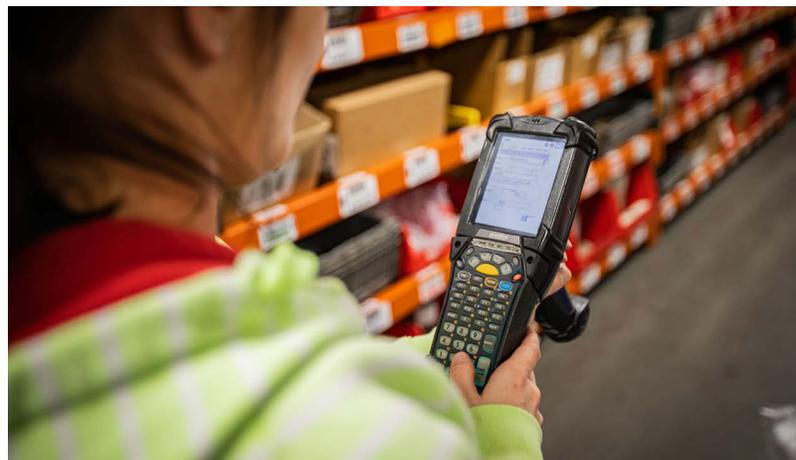
Our Suppliers

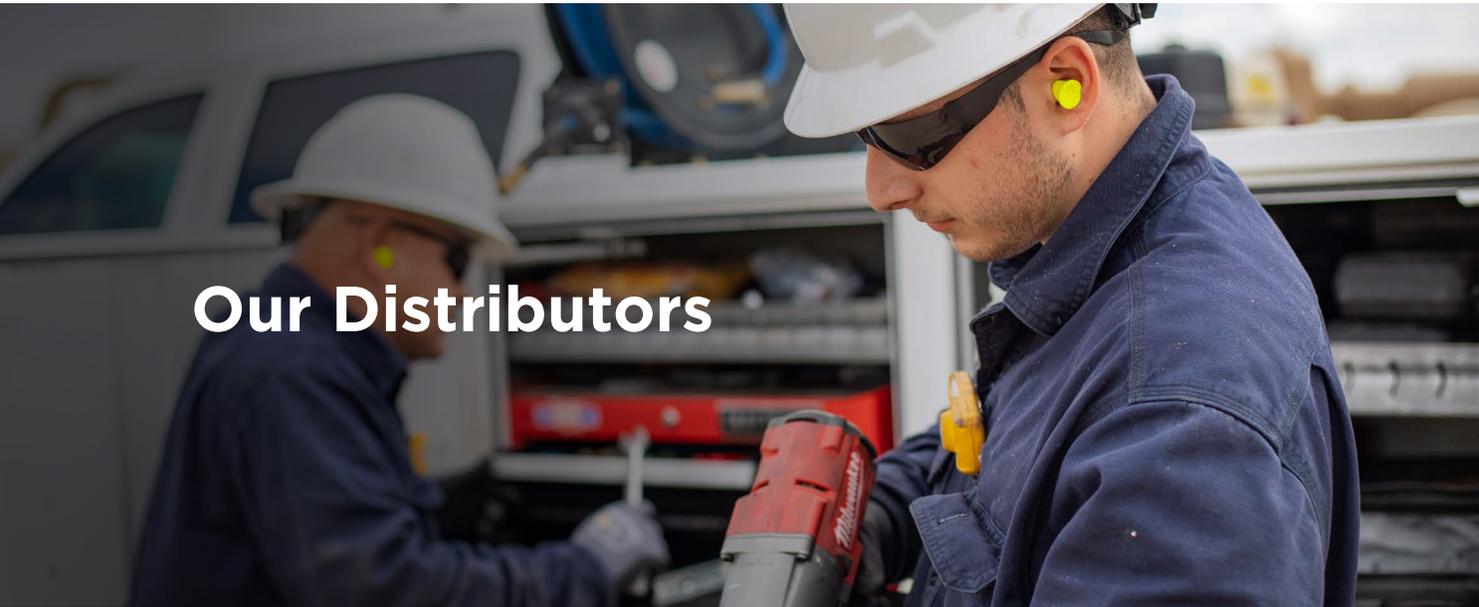
Ariel works with partners that share our values and that conduct business with respect and integrity.

That means providing top-tier products and support, maintaining the highest standard for business ethics, and following all applicable laws. To this point, Ariel employees responsible for these suppliers spend a significant amount of time meeting with decision-makers and leaders from these partners to ensure shared values and aligned business outcomes.

While we believe this process works for us, we will keep improving by further formalizing our approach. In addition to making sure suppliers meet our high-quality product standards, we have assessed how best to adapt and improve our supplier evaluation process. This process confirms that product suppliers uphold similar high standards of business ethics and sustainability reporting. We will continue working with all product suppliers so that materials used in our production processes do not originate from conflict mineral areas.

Although our material suppliers currently undergo a product and quality review, Ariel will begin reviewing larger non-material suppliers, which will lead to a consistent evaluation process across a variety of supplier types. While we acknowledge that each business is different, doing the right thing is a standard that should apply to all our supply partners, regardless of business type.





Our Distributors

Ariel's business model requires distributors to represent Ariel in the marketplace. Therefore, aligning our business views and expectations is necessary to benefit all parties involved. We rely on our distributor partnerships to be strong in their interactions with us and end users alike. It is essential to Ariel that our distributors operate and run their business operations in an ethical, legal manner.

At the onset of a distributor relationship, Ariel establishes, clarifies, and gains agreement on the standards we strive to uphold. From there, Ariel regularly assesses distributors' standards using a Distributor Survey. With governance providing an umbrella over most interactions, Ariel will ask distributors to give details on where they stand from an Environmental, Social, and Governance perspective. This enhanced assessment will further strengthen how Ariel and its distribution partners operate and conduct business.

Concerning the Distributor Surveys completed by distribution partners, at a minimum, we will request all distributors to provide the following:

- 1. A formal code of conduct, or country equivalent for those outside the United States**
- 2. Policies covering compliance with anti-bribery, export controls, and anti-trust**
- 3. Environmental, Social, and Governance report(s)**

Lastly, in parallel to the regular distributor reviews, Ariel will continue to engage an independent third party to provide regular reviews of the distributor's activity. This third party verifies there are no issues that may call into question distributor commitment to any of the required expectations.





Data Privacy and Protection

Information and data relating to employees, customers, or distributors are held to the highest privacy and confidentiality standards. Numerous controls, audits, and tests are completed regularly to ensure these established standards are intact and work as expected.

Whether considering internal processes and controls, technology landscape and hardware, or data and information, Ariel heavily invests time, energy, and financial resources to secure all of it. Below are specific examples of actions we take:

- **Performing annual audits by both internal and independent third-party experts, focusing on Ariel's financial controls and processes, employee and third-party data security, and proprietary or critical infrastructure security (as a result of these audits, we receive recommendations and implement the changes necessary to strengthen our approach to security)**
- **Having independent third-party entities review, assess, and validate security vulnerabilities related to our Internet of Things products, including the Ariel Fleet Manager application and the Ariel Smart Compressor platform**

- **Implementing systems focused on end-point security, next-generation firewalls, and protection from ransomware attacks**
- **Completing regular employee training, developed by third-party experts, to refresh and encourage best practices in technology-related tasks**
- **Implementing policies and practices that support our stance on protecting confidential information, intellectual property, and data on any electronic platform**

All of these items work in a concerted effort to support and demonstrate our commitment to protect internal and external business partner data and information.



For over 50 years, Ariel Corporation has excelled in operations and interactions to benefit stakeholders. As the world changes, we will push ourselves to see how and where we can continuously improve. This ESG statement demonstrates how we at Ariel are doing our part to address environmental, social, and governance concerns for our Company, our business partners, and our community. We will keep working together to ensure we operate the right way.

We will continue our commitment to being a great partner with employees, communities, in the business place, and around the globe.



WORLD STANDARD
COMPRESSORS

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ARIEL ESG REPORT

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