HSEQ Guideline

For our integrated quality management system (IMS) as per:

- ISO 9001:2015
- ISO 14001:2015
- BS OHSAS 18001:2007
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1. **Introduction**

Scheuch Company is a global and innovative enterprise that makes an essential contribution to protecting humans and the environment.

From the moment our company was established, our products have been dedicated to keeping the air clean. Environmental protection and occupational safety are basic concerns and are reflected in the following areas as well:

- **Health (protection of health)**
  "We value the health of our employees and customers."

- **Safety (occupational safety)**
  "We go to great lengths to prevent the risk of accidents related to the work and the operation of our systems."

- **Environment (environmental protection)**
  "Economical and considerate use of resources and reduction of emissions are at once method and objective."

- **Quality (quality)**
  "Our approach to work is sustainable and quality oriented – based on conviction and because it reflects our claim and our reputation."

This HSEQ Guideline is in keeping with the values of the **Scheuch Strategy** and describes the way the integrated management system (IMS) of the entire Scheuch Group is organised. Its purpose is to provide an overview that shows Scheuch Group is in compliance with the requirements for quality, environmental as well as occupational and health protection including all standards and regulations in conjunction with the parties interested.
2. Scheuch Group

Innovative air and environmental technology in the industrial sector has been the domain of Scheuch for more than 50 years. Scheuch has been a market and technology leader in many areas, offering customers application-specific and high-value solutions in the fields of suction, filtration, mining, flue gas purification or plant engineering for their issues related to air and environment.

Headquarters in Aurolzmünster (A)

Legal structure: GmbH
Owner: Private Foundation Scheuch
Managing Directors: DI Stefan Scheuch, DI Jörg Jelinewski
Company established in: 1963
Turnover 2015/16: 163.8 mio.
Work force: >1,100 employees
Export ratio: >80%
Primary sectors:
- Wood
- Wood-based materials
- Metals
- Industrial minerals
- Energy
- Devices and components

(As of FY 15/16)
2.1 Data, facts & figures

Annual output of in-house production at Aurolzmünster in recent years:

- 10,000 t Sheet metal
- 1,000 t Bar stock
- 84 t Welding wire
- 500,000 Laser parts
- 976 km Weld joints
- 4,225 km Laser cutting
- 800 Bag filters
- 2,700 Fans
- 1,100 Rotary valves

2.2 Company structure

Scheuch Holding GmbH
(environmental technology)

Scheuch GmbH
(ventilation technology)

For information on the organizational structure of the individual companies including their authorized representatives, please refer to our INTRANET. The need to nominate officers arises from operational requirements, official notifications and regulatory provisions. Compliance with and implementation of all relevant statutes and official notifications throughout the Group is ensured by the review board.

Our authorised representatives are supported by Lextool, our legal information system, which provides them with the current legal obligations for evaluation and updates the information periodically so that changes to the law can be evaluated.
2.3 Companies
The essential Scheuch Group companies certified in the initial phase are:

**Scheuch GmbH, Aurolzmünster**
The registered office of Scheuch has been located in the Innviertel since 1963. The company was initially established in Ried im Innkreis. In the 70s it moved to the Aurolzmünster as part of the company’s move to expand. Company headquarters houses Engineering, Production, International Sales in addition to Administration and Management. 90% of the core components such as filter heads, fans, locks, flaps and cyclones are produced at the approx. 24,000-m² production and storage area at the Aurolzmünster location.

**Scheuch Service GmbH, Aurolzmünster**
Roughly 60 employees of Scheuch Service GmbH are employed at a wide variety of construction sites around the world in order to install and start up components and plants for air purification. Its head office is at company headquarters in Aurolzmünster.

**Scheuch SK s.r.o**
Production of steel structures, pipe and moulded parts, platforms and ladders is realised with roughly 145 employees on approx. 6,000-m² production area at the location in Prievidza, Slovakia. Use of state-of-the-art laser cutting technology is as much a matter of course in this process as are the up-to-date warehouse technology and logistics.

**Scheuch LIGNO GmbH, Mehrnbach**
Scheuch developed air-handling systems for numerous woodworking and wood-processing companies in the vicinity of Ried im Innkreis as early as 50 years ago. Scheuch LIGNO GmbH was established at the Mehrnbach location in 2014 in order to meet the particular needs of this industry.

**Scheuch SIS GmbH, Aurolzmünster**
Scheuch SIS GmbH implements entire plant projects which do not consist of air engineering processes and plants only. In these projects Scheuch SIS GmbH with registered offices in Aurolzmünster acts as the General Contractor. The company is in control of the entire plant project from design to tendering and awarding sub-services through to construction and start-up of the plants. Following start-up, a plant is handed over to the customer in the usual high quality expected from Scheuch as a complete package.

3. Our vision

Our vision is the engine that moves us toward the future!
It serves as our guideline, drives us and outlines the opportunities along the path.

**Scheuch Group vision**
Thanks to a significant increase in turnover in Europe, America and Asia, we will be one of the leading international providers of solutions in industrial air engineering in 2018.

Motivated by our vision and alongside of our value system we created a uniform code intended to serve as orientation and alignment of the companies within Scheuch Group:
3.1 Our strategy

Based on this ownership strategy we developed our fair-play guideline. It expresses the foundation for our understanding of fairness, transparency, responsibility, tolerance, social engagement, economic action and sustainability. It is particularly important to us that our employees be aware of and in compliance with these guidelines. In 2013/14 the guidelines for the Scheuch Group were developed in a strategy development project based on the 12-point-strategy by the owners (see above).

We understand our Scheuch Strategy to be a "red thread" that runs like a common thread through the company and aligns itself with the company in the medium and long term. We regularly revisit our strategy because external factors such as

- customer needs and expectations
- markets
- technologies
- standards and statutes
- interested parties

greatly impact our ability to achieve our goals and form the framework within which our company navigates. Along with our managers, we continuously observe compliance with the agreed strategic goals. In addition, we regularly question the situational currentness of our strategy. This way we are able to adjust it to changing framework conditions as needed and to adapt the organisation's goals accordingly.
4. Our integrated quality management system (IMS)

Systematic occupational and health protection, environmental protection and quality management are taken seriously at Scheuch. We implement these systems for the benefit of our companies. They help us to systematically reduce risks to people and nature but also to identify opportunities for improving our products and services. To this end we established an integrated management system in the companies that are certified. Compared to isolated management systems it offers the opportunity for leaner and more efficient control of company processes. As a crucial management tool, IMS takes into account our strategic orientation as outlined in the Scheuch Strategy as well as environmental, quality and safety standards.

It is intended to provide support in everyday situations such as
- Occupational safety and health protection
- Environmental protection
- Quality management

In this process we bank on the principle of PDCA:

Planning – Doing – Checking – Adapting

4.1 Standards

Our IMS is based on the following standards:

<table>
<thead>
<tr>
<th>Set of regulations</th>
<th>Scope of application</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN ISO 9001:2015</td>
<td>Main general system as basis for the integrated management system</td>
</tr>
<tr>
<td>EN ISO 14001:2015</td>
<td>Environmental management system</td>
</tr>
<tr>
<td>OHSAS 18001:2007</td>
<td>Occupational and health protection management system</td>
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<td>EN ISO 1090 1-2</td>
<td>In-process control of steel structure execution</td>
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<tr>
<td>ISO 3834-2:2005</td>
<td>Welding quality requirements</td>
</tr>
<tr>
<td>ATEX 94.9 EC</td>
<td>Quality assurance for equipment and protective systems used in potentially explosive atmospheres</td>
</tr>
</tbody>
</table>
4.2 Scope

Thus far, the IMS is established in the following companies:

<table>
<thead>
<tr>
<th>Standard</th>
<th>ISO 9001</th>
<th>ISO 14000</th>
<th>BS OHSAS 18001</th>
<th>FPC according to EN 1090</th>
</tr>
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<tbody>
<tr>
<td>Companies</td>
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<tr>
<td>Scheuch GmbH</td>
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<td>Scheuch Service GmbH</td>
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<td>Scheuch Ligno GmbH</td>
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<td>Scheuch s.r.o</td>
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<td>SIS GmbH</td>
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<td>LBH GmbH</td>
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<td>Scheuch USA Inc.</td>
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<td>Scheuch Inc. (CA)</td>
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<td>Scheuch S.A.R.L. (FR)</td>
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4.3 Process orientation

As a rule, we implement the requirements of the management system as part of the processes we described. Within this context we also ascertain and evaluate the risks and opportunities inherent in the processes. Our understanding of a management system for occupational safety and health protection as well as environmental protection and quality starts during the planning stages for procedures (processes) that are optimised based on needs. Naturally, the process also includes impeccable process documentation.

By regulating responsibilities and authorities of those involved in the processes, all areas of the company are reflected in the processes modelled and described. This way we are thinking beyond departmental boundaries and the processes are part of daily life throughout the entire enterprise. Process parameters are strong indicators for measuring process performance. All of our processes are assigned parameters so that those responsible for processes have the opportunity to take action to improve performance of their processes and to control the efficiency thereof.

The integrated management system comprises the following three core areas:
The effectiveness of all processes throughout the value chain is monitored at specified intervals using commercial and technical process parameters. The process owner has to define the type of processes. The interplay between the processes is a component of the process descriptions. A process map is available on our Intranet.

4.4 Process performance and quality assurance
Just as is the case with our enterprise as a whole, our processes are subject to certain dynamics. Regular review of the processes as they are practised and ensuring the customer expectations with respect to our products and services are essential aspects of the PDCA cycle that guides our IMS.
We audit systems, processes and products to verify currentness of and compliance with the processes described. If in the course of these verifications we discover gaps, we promptly draft measures to improve the processes.
Our Quality Assurance Department regularly checks compliance with the product specifications agreed with customers in the area of production and assembly on the construction sites.

4.5 Organisation and structure
The integrated management system was structured based on the set of regulations and application standards specified in item 4.1. The documents are organised so that they can be modified by the subsidiaries based on business sector and processes.
Apart from that, there are also process descriptions applicable to the entire Scheuch Group.
Documents of the 2nd and 3rd level are considered confidential and must not be disclosed to third parties without authorisation from the Executive Board.

![Diagram of Integrated Management System](image)

All relevant documents are available on the Intranet. Maintenance of group-wide central documents falls on the Quality Manager (QM), while the respective process owners are responsible for process documents.

4.6 Quality records, data security and data protection
All system-related records are included in our process descriptions and can be reviewed in our quality management system (CAQ). All essential order-related records can be found in Profile. Data security, rights management and file structure are organised in accordance with the process descriptions relevant to IT.
4.7 Evaluation of integrated management system

Once every year the IMS is evaluated by the Executive Board.

Criteria for evaluation are:

- Degree of compliance with steps from previous management evaluations
- Changes affecting the IMS with respect to external and internal issues
- Information regarding IMS performance and effectiveness incl. trends in:
  a. Customer satisfaction and feedback from relevant interested parties
  b. Scope in which the IMS goals were met
  c. Process performance and conformity of products and services
  d. Non-conformity and corrective measures
  e. Results of monitoring and measuring
  f. Audit results
  g. Performance of third-party providers
- Information regarding implementation of ATEX guideline
- Information regarding compliance and social responsibility
- Appropriateness of resources
- Effectiveness of steps for handling risks and opportunities
- Potentials for improvement

A record is created of the evaluation and can be reviewed in the HSEQ Manager's office. As part of the evaluation, HSEQ goals are considered as well and adapted, if necessary, and distributed to the respective management level for their awareness. If no goals are submitted, the Executive Board will initiate suitable measures.
5. Scheuch HSEQ policy

Requirements for protection of health, safety and environment are becoming more stringent in all sectors of industry. In Anglo-American terminology, this concept is known by the abbreviation HSEQ. This topic is of vital importance to Scheuch Group as well. For the purpose of realising the requirements we not only expanded our integrated management system by adding the ISO 14001 and OHSAS 18001 standards. Rather, we drafted a detailed HSEQ policy as a guideline for our companies and departments and defined the appropriate goals for implementation.

We provide all means necessary for implementation of the HSEQ policy. Our committed employees assume responsibility for implementing our HSEQ policy. The degree and scope of responsibility in this respect is governed in the function and role descriptions that are part of the process descriptions.

We consider the Group companies within the context of the interested parties, taking into account existing risks and opportunities and defined the following policy for this purpose:

The Scheuch Group in conjunction with the interested parties

5.1 Owners and future of company

Scheuch is a family-owned company focused on developing technologies and methods to protect society, people and the environment. Preserving the company as a family-owned enterprise headquartered in the region beyond the next generation is a crucial goal for our company’s development. In 2018 it will be one of the international leaders in air and environmental technology.

5.2 Customer benefit (customer/client)

As a high-performing partner to our customers at home and abroad with a deep understanding of their processes and highly skilled in problem-solving, our goal is to exceed customer expectations for technology and performance of our products. We support our customers from the time the project brief is drafted through to development of an end-to-end solution and optimisation while in operation including maintenance, repair and spare parts supply.
5.3 Quality of our products and services

Our high-quality service starts during the initial contact with potential customers and continues through to the design of the end-to-end solution and development of customised solutions. Even after product start-up, we remain skilled supporters of our customers. We demand that our systems and components meet the most stringent requirements with respect to customer needs, function, consistency of function and service life. We ask the same from all our in-house and third-party suppliers.

5.4 Implementation of quality requirements

Our activities are defined within the context of processes that ensure our products and services are of the highest quality possible. Responsibility and authority are precisely defined in order to ensure clear information flow and interface control. We carefully consider the opportunities and risks inherent in the process and address them proactively. The aspects of occupational safety, health protection, environmental protection and sparing use of resources are taken into account in all processes.

5.5 Measurability of our quality requirements

Our processes are designed so that they can be measured and evaluated by way of quality goals. Achievement of quality goals is the job of management. Each process owner is responsible for achieving quality goals.

5.6 Handling deviations

We accept deviations. We handle them transparently in every area and learn from them. Results of the measures derived from them are communicated accordingly at all levels. We not only need to eliminate the actual deviation but also its cause. Future deviations can only be avoided by being knowledgeable of their underlying causes.

5.7 Motivation and qualification of our employees

Each employee contributes to the realisation of our HSEQ goals and implements them within the context of their authority. Therefore, it is the duty of every employee – from apprentice through to the Director – to perform their assignments properly.

What we expect of our employees:
- High-level skills and commitment
- Treating colleagues with appreciation and respect
- Responsible and economical handling of resources (energy, workers, materials, time, environment, occupational safety)
- Independent and autonomous actions
- Willingness to acquire further education
- Use of comprehensive organisational knowledge

We create an environment for our employees where we live our company values: environmentally conscious and economical actions, responsibility, transparency, fairness, tolerance, sustainability, social behaviour and prevention of workplace accidents are very important to us.

To this end we provide:
- Continuing education programmes for our specialists and managers
- Ideal work environment
- Implementation of aspects of the occupational safety and health protection
- Measures toward sensitive handling of our environment
- Acceptance of various cultural characteristics
- Socially effective activities
5.8 Knowledge and innovation management

Knowledge of current and future problems is very important so that we can offer customers the best-possible solutions. We use this knowledge to derive innovative solutions. Thus, the expertise of our specialists is based on the shared knowledge of solutions. The knowledge held by our employees is to be available throughout the enterprise in the long term.

5.9 Legal environment

As an internationally active company we comply with the respectively applicable legal requirements. In the area of plant construction in particular, we depend on correct assessment of the legal situation on-site. Cooperation with the authorities in charge with respect to implementing and complying with decisions and regulations is an essential component in the process. We especially take note of fair competition by complying with our "Code of Conduct" as our ethical guideline.

5.10 Social and political environment

Scheuch endeavours to work as harmoniously as possible in the societal and cultural environment of the region where we operate. In the event of operational changes (operating hours, plant traffic etc.) we actively involve residents and neighbours in our projects from the start in order to achieve the best-possible solution for all parties involved.

5.11 Environment and material resources

Scheuch operates as an environment-oriented company with the awareness that resources are finite. Our contribution is to ensure that we use a minimal amount of resources and create the smallest amount of emissions and waste polluting the environment when producing, transporting and assembling our products.

The environmental projects we run are summarised in an environmental programme, the goal of which is to optimise the use of the primary resources. We also pursue this approach when selecting and evaluating our suppliers and service providers.

5.12 Suppliers and service providers

Our suppliers and service providers are important partners in realising our products and in the supply chain. They are subject to the same quality requirements as we are. This includes the aspects of our environmental, occupational safety and health protection policy.
6. Responsibilities, authorities and communication

All responsibilities, authorities and competencies are defined in function and process descriptions including the respective replacements. These documents also regulate reporting, goals and requirement profile for the activities to be executed. Tasks may be delegated but not responsibility.

There are several meeting levels for decision-making within the company. The first level of decision-making is the Executive Board. The Managing Directors of Scheuch GmbH gather for a joint weekly meeting in the course of which they discuss in detail the progress of implementing the strategy. The next level represents the so-called management meeting, where the Executive Board meets with the managers of the next level in the hierarchy (FK I). The FK I level is composed of managers of all departments of the Scheuch Group, specifically the production areas, business units and support areas. Apart for that, each Director holds individual meetings with the departments and staff positions they are assigned.

In turn, the managers at the FK I level hold meetings (jour fixe, project meetings, etc.) with the next level in the hierarchy (FK II) where decisions are made for the respective subordinate areas.

7. A final word

With this "HSEQ Guideline" we are introducing our integrated, process-oriented management system to you. A portion of it are the associated HSEQ Policy and the value system of Scheuch Group. They create the framework conditions for all future activities undertaken by Scheuch Group.

It is important to us that we can use the management system we are running as daily tools we can deploy and implement for company management. It is the foundation for a practicable, sustainable and needs-oriented integrated management system. This guideline serves as a basis and guideline and is binding for our employees.

Managing Directors

[Signatures]