

# STRONGER TOGETHER

2022 SUSTAINABILITY OVERVIEW



Axius Water companies

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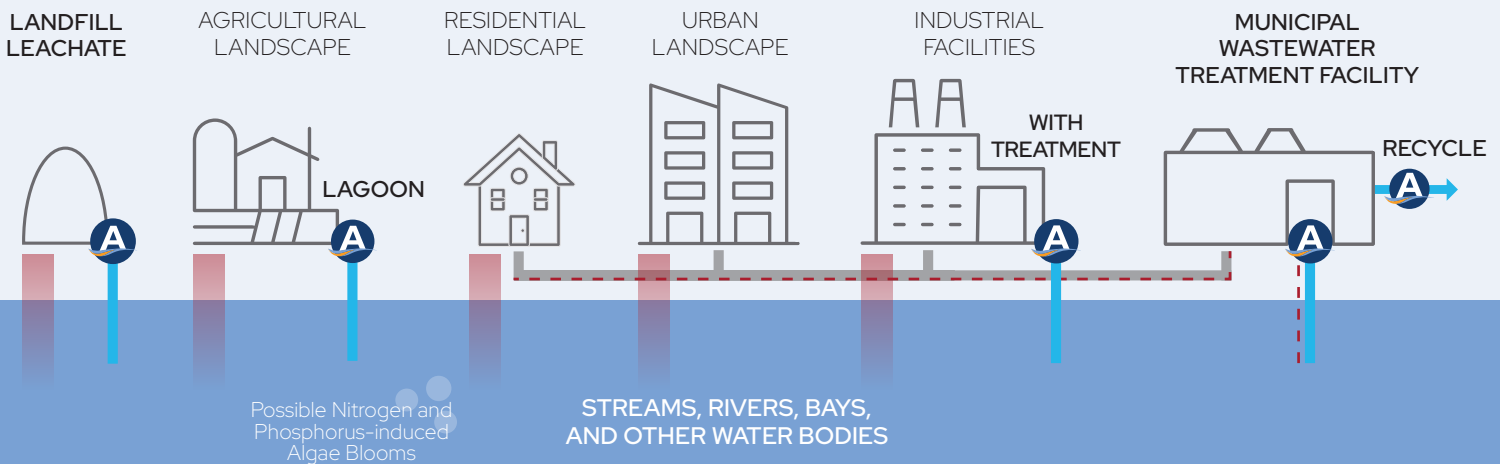
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# AXIUS WATER REMOVES HARMFUL NUTRIENTS ACROSS THE WATER CYCLE



■ Sanitary sewer systems convey wastewater to treatment facilities.

■ Treated wastewater is discharged to waterways or to recycle/reuse.

■ Untreated runoff contains nitrogen, phosphorus, and other pollutants.

■ During storm events, the surging flows in sanitary sewer pipes from combined sewers cause municipalities to release excess nutrients into the water bodies.

*Note: This simplified illustration does not fully reflect all sources of water pollution and treatment in the complex hydrologic cycle.*

**ABOUT THIS REPORT** This is Axius Water’s third overview of our platform’s sustainability performance, including environmental, social, and governance (ESG) issues. The content and performance metrics were developed in part from the UN Sustainable Development Goals (UNSDG), in particular Target 6.3, which calls for improving water quality by reducing pollution and the proportion of untreated

wastewater globally, and the Sustainable Accounting Standards Board (SASB) Waste Management Industry Standard. This overview covers the reporting period for the fiscal year 2022—January 1 to December 31. Unless otherwise noted, the metrics provided are as of December 31, 2022.

This overview highlights our performance in these areas and the benefits we have

created for society, our investors, and other stakeholders. In the spirit of continuous improvement, we also expect to strengthen our overall sustainability strategy, approach, and performance.

*Cover Photo: Refurbished aeration basin in wastewater treatment plant*

## MESSAGE FROM OUR CEO



Our common cause is to make the world a better place by helping our customers preserve the one precious resource essential for human health and survival: **water.**

**STRONGER TOGETHER** is the theme that speaks to the strength of Axius Water, and 2022 was a year that showcased this mission. The word "together" is meaningful as our operating companies and team members have united as Axius Water. With a shared history of providing water-treatment solutions that remove harmful nutrient levels prior to discharge, our commercial and technical teams across operating companies collaborate to apply our deep collective knowledge to solve immediate, tangible problems. There are many aspects of successful nutrient removal, and there are many technologies to accomplish this. Axius Water has combined select companies with proven success to offer a range of nutrient-removal solutions trusted by water professionals.

Our vision of Stronger Together also includes our customers, partners, suppliers, and industry participants as we work to overcome challenges in cleaning water. As regulations and treatment demands increase, more must be done with existing resources. It is vital that we come together to share expertise and practical experience and creatively apply our solutions to water-treatment problems.

With the pandemic behind us, we are now focused on collaboration and growth in partnership with our customers and among ourselves. We seek to emphasize the things that bind our operating companies, people, and sustainability initiatives together so we can better serve customers and help them achieve better nutrient removal.

### United by a Single Purpose

Axius Water may comprise several operating companies covering broad areas of expertise in wastewater

treatment, but our mission is singular and clear. Our common cause is to make the world a better place by helping our customers preserve the one precious resource essential for human health and survival: water.

### Working Together to Build a Sustainable Future

Across our operating companies, we support one another, help each other innovate, identify new opportunities, and expand our presence into new regions. Through this powerful collaboration, we can learn, do more, and effect greater change. Simply put, we are stronger when we combine our efforts.

### Exciting Developments Underway

Our entire team at Axius Water is proud to continue advancing our sustainability initiatives. We are excited to share our progress over the last year and provide a view of where we are headed next.

Throughout these endeavors, at the Axius platform level, our priority is to serve and empower the businesses under our umbrella with best practices, processes, tools, systems, and other enabling initiatives. We aim to be the foundational structure for their incredible work and the positive impact they enable customers to make. In doing this, we have helped independent, entrepreneurial start-ups with limited resources evolve into larger, more resilient businesses and broaden their impact on the world stage.

I'm sure you'll agree that we are indeed stronger together and have a bright future ahead.

**CHRIS MCINTIRE**  
Chief Executive Officer

## 2022 SUSTAINABILITY IMPACT HIGHLIGHTS

98.2

million kilograms

of nutrients that our clients removed from water using our products

Diversity, equity, and inclusion (DE&I) policy

introduced companywide

Anonymous reporting hotline

established for employees

0

incidents

of regulatory noncompliance

25%

of Board of Directors is diverse

Sustainability impact

added to executive and employee bonus programs

< 2%

reduction

in Scope 2 emissions compared to 2021

Employee net promoter score (eNPS) survey completed for the first time

## ABOUT AXIUS WATER

6 CLEAN WATER AND SANITATION



**Our mission directly aligns with United Nations Sustainable Development Goal (UNSDG) 6: Ensure access to water and**

**sanitation for all. By deploying products and services that enable our customers to measurably improve the quality of treated water, sustainability is built into the very fabric of our company. Our mission inspires us to look beyond the bottom line and, instead, focus on the health and safety of our planet, people, and communities.**

### Our Founding Partners

KKR is a leading global investment firm that offers alternative asset management. Axius Water is a portfolio company in KKR's Global Impact Fund, which invests exclusively in companies that significantly benefit society through their products or services.

XPV WATER PARTNERS manages investment capital from the world's top institutional investors and focuses on funding emerging water-related companies to help them rapidly expand, achieve their strategic goals, and make a difference in water quality. XPV is committed to building partnerships that contribute to growing people, sustainable businesses, prosperous communities, and a better planet for everyone.

Each year, the Axius Water platform expands globally as we build a diversified portfolio of operating companies that offer leading solutions to improve overall wastewater-management processes.

**ATAC Solutions® Ltd.** specializes in wastewater services and wastewater equipment on a capital purchase or hire basis. ATAC® designs, manufactures, installs, and commissions a large range of process equipment and bespoke process technologies from its BS EN ISO 9001- and ISO 14001-accredited facility.

**EDI® (Environmental Dynamics International®, Inc.)** designs, manufactures, and installs custom high-efficiency diffused aeration systems and provides maintenance and parts support.

### Our Operating Companies

**EOSi (Environmental Operating Solutions, Inc.)** provides proprietary nonhazardous and environmentally sustainable liquid organic chemicals (MicroC®) and technical services for biological nutrient removal applications in wastewater systems.

**Nexom®** delivers turnkey biological, filtration, and lagoon-based technology solutions to engineers and operators to achieve regulatory compliance around ammonia, phosphorus, nitrate, biological oxygen demand, and wastewater reuse, even in challenging environments such as cold climates.

## Addressing Global Water Challenges

Municipal and industrial wastewater-treatment facilities are on the front lines in reducing the nutrient pollution degrading much of the world's fresh water. Our equipment enables these facilities to meet existing and new regulatory limits around nutrient pollution to reduce the impact on water bodies.

### WATERSHED HEALTH

Waterways around the world are threatened by pollutants, including nutrients. The U.S. Environmental Protection Agency (EPA) has named nutrient pollution "one of America's most widespread, costly and challenging environmental problems," with 58% of rivers and streams, 40% of lake acres, and 23% of Great Lakes shoreline classified as impaired.<sup>1</sup>

Globally, nutrient pollution has significantly contributed to more than 700 dead zones—areas of the ocean that can no longer support marine life because of reduced oxygen. This is an increase from 400 dead zones in 2008. Communities around water bodies with algal blooms and dead zones suffer significant economic losses related to negative impacts on tourism and recreation, commercial fishing, property values, and human health. There are also increased costs for drinking water treatment, mitigation efforts, and environmental restoration.

### AGING INFRASTRUCTURE

When operating efficiently and equipped with advanced processes to lower nutrients, wastewater-treatment facilities can help improve the health of water bodies. However, many municipal wastewater-treatment facilities, especially those in older urban areas, are well over 100 years old. Overburdened through urban growth, deteriorating due to lack of maintenance, and based on outdated treatment methods, many of these facilities operate inefficiently and are unable to achieve regulatory limits. Even when funds for updating are available, landlocked facilities face space constraints and need to do more with less space. Governments in North America have recognized this as a major crisis, prompting the U.S. government to invest \$43.5 billion and the Canadian government to invest \$1.5 billion for First

## What Is Nutrient Pollution?

Why are nutrients in streams, rivers, and other water bodies a problem? So many of us have been conditioned to think of nutrients as something positive and healthy, such as those found in our food.

But in the context of our water supply, high levels of nutrients are extremely harmful.

Two primary sources of nutrient pollution are nitrogen and phosphorus. Nitrogen and phosphorus occur naturally in the environment, with nitrogen being the most abundant element in the air we breathe. According to the EPA, when present in water bodies at normal, balanced levels, these nutrients "support the growth of algae and aquatic plants, which provide food and habitat for fish, shellfish and smaller organisms that live in water."

However, when too much nitrogen and phosphorus enter water bodies, originating from fertilizers that farmers use to treat crops, as well as industrial sources or wastewater treatment plants, these excess nutrients can deteriorate water quality. As a result, algae can grow rapidly. This leads to habitat damage, loss of aquatic life, drinking water contaminated with toxins and bacterial growth, and negative impacts on human health.

Nations communities to fund critical water and wastewater infrastructure updates.

### RISING REGULATION

Across North America, the UK, and elsewhere, regulatory authorities are implementing increasingly stringent pollution limits to protect and preserve waterways. As regulations on pollution tighten, treatment facilities face costly upgrades to maintain compliance.

## Our Sustainable Solutions

Innovative Technologies:

43%

of Axius Water  
product portfolio

Resilient  
Technologies:

57%

of Axius Water  
product portfolio

Compared to traditional wastewater treatment, the EPA defines innovative technologies as those that “achieve reliable nutrient removal at a lower carbon and economic footprint, often with a smaller physical footprint, thereby helping wastewater-treatment facilities in reducing their energy demands, costs, chemical usage and solids production while reliably meeting their permit limits.” In this way, Axius Water’s innovative technologies can have a transformative impact on communities by enabling our end users to obtain better nutrient-removal results with less impact on the global environment.

Our resilient products have peers in the marketplace yet are differentiated for their measurable impact on the environment, respect for the safety of the people who manufacture and deliver these products, and contribution to the economic resilience of communities. Customers may need a common part, but with Axius Water, they can purchase that part from an organization that cares about the planet, communities, and people.

## Our People

The Axius Water team draws upon decades of experience and deep application knowledge in the water-treatment industry to achieve cleaner, healthier water in communities around the world. Our people devise specialized, innovative, research-based solutions for solving complex, highly technical challenges—none of which are ever the same for any two projects. Among our team members are many Ph.D.s specializing in niche topics from enhanced biological phosphorus removal (EBPR) to optimal food sources to support autotrophic biomass for nitrification improvements to lagoon environments. Together, they are devising innovative strategies for water reuse that will promote conservation while advancing our end users’ demands for sustainability.

In addition to conducting disciplined research and development and extensive analysis of customer-specific needs, we draw upon years of data derived from dozens of full-scale installations that have been meeting rigorous regulations as well as recognized academic authorities and regulatory agencies.

While we often celebrate the deep application knowledge of our process experts, we also depend daily on our functional experts to secure our supply chain, perform work safely to the highest quality standards, and meet other key performance indicators impacting sustainability.

Our ability to solve customer challenges and protect our precious natural resource—water—is evidenced by the number of Axius professionals who previously worked for one of our



customers and were so impressed with our level of service that they chose to join our team and provide that similar outstanding service to other customers.

# ENVIRONMENTAL PERFORMANCE

**AXIUS WATER ACHIEVES** our greatest environmental impact by innovating and deploying our products and services to solve clients’ water-treatment challenges.

## Water Quality Management

In 2022, our operating companies created technologies that, collectively, enabled customers to remove more than 98 million kilograms of harmful nutrients from wastewater. This represents nearly a 22% increase over the last year. Each year, our clients are able to remove greater quantities of nutrients as we acquire more operating companies along with new technologies and expertise. We continue to minimize our impact even as we experience significant growth.

### CUSTOMER NUTRIENT REMOVAL

Year	Number of Operating Companies	Nutrient Removal (million kg)
2022	● ● ● ● ●	98.2
2021	● ● ● ● ●	80.7
2020	● ● ● ● ●	74.5
2019	● ● ● ● ●	12.7

## Regulatory Compliance

We provide services and products that our clients use to monitor and manage the quality of wastewater discharge to ensure compliance with all applicable regulatory standards. To elevate our level of customer care, many of our Ph.D. scientists at Axius Water’s operating companies follow up with customers regularly to perform health assessments on our solutions. This involves confirming that our solutions meet regulations as intended and that customers use the correct amounts of our products to achieve optimal water quality. As a result of these assessments, our customers often achieve better nutrient removal while reducing energy and chemical use along with operating costs.

In the quest for continual improvement and to aid in making a bigger impact on water quality, our companies



are committed to staying abreast of industry best practices and responding proactively to evolving regulatory standards. For example, Title 22 is a section of the California Code of Regulations (CCR) that enumerates the state’s environmental health regulations. Title 22’s Chapter 3, Water Recycling Criteria, which regulates California’s rules governing reclaimed water discharge and reuse, was tightened in 2022. Today, Title 22 requires significantly more stringent standards for nutrient removal at treatment plants to enable the reuse of treated wastewater in a variety of applications, including irrigation, industrial and commercial cooling, firefighting, decorative fountains, car washes, and more. Nexom is working through the process of obtaining California Title 22 approval for the use of MITA® pile cloth filters as an efficient tool for water reuse (please see page 16 and Forward-looking Statements on page 19 for more information about this technology) according to these rigorous requirements.



### Emissions

As responsible members of the communities in which we operate, we work to minimize the impact of our own operations. Mindful of the importance that our stakeholders place on climate impact, Axius Water strives to reduce greenhouse gas (GHG) emissions associated with our operations. To engage our operating companies in reporting Scope 1 and 2 GHG emissions, as well as screening Scope 3 GHG emissions (new in 2022), Axius Water partners with a third-party

consultant with expertise in the calculation of GHG emissions. The consultant’s analysis found that the majority of Axius Water’s Scope 1 and 2 emissions results from vehicles powered by fuel or diesel and electricity use across our sites.<sup>2</sup>

In 2022, despite the expansion of our global project footprint, which increased nutrient removal by more than 20%, GHG emissions only rose 3% compared to 2021. This is because we made capital investments aimed at mitigating emissions to counter our growth in manufacturing. Specifically:

- Nexom reduced the fuel required to drive to each site by adding a twelfth truck to the fleet, thus enabling more efficient route planning.
- EDI invested in replacing fluorescent bulbs with LED UFO lights. In a 12,000-square-foot facility, this investment in more efficient lighting saved 20,872 watts of energy between 2021 and 2022.

Noting that the greatest opportunities for GHG emission reduction are procurement of electricity from renewable energy sources and decarbonization of Axius Water’s mobile fleet, the consultant recommended specific actions that our company can take to realize further reductions in GHGs and report Scope 3 emissions. Axius Water’s Climate Committee is discussing these options and working to deliver decarbonization plans for Scope 1 and 2 emissions for our CEO to evaluate.

### What are Scope 1, 2, and 3 Emissions?

#### Scope 1: Direct Emissions

Emissions from owned or controlled sources such as heat generation, leased/owned vehicles, and refrigerants used for cooling units.

#### Scope 2: Indirect Emissions

Emissions of purchased electricity from all sites.

#### Scope 3: Other Indirect Emissions

Emissions from Axius Water’s value chain that includes purchased goods and services, capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste, business travel, employee commuting, and downstream leased assets.

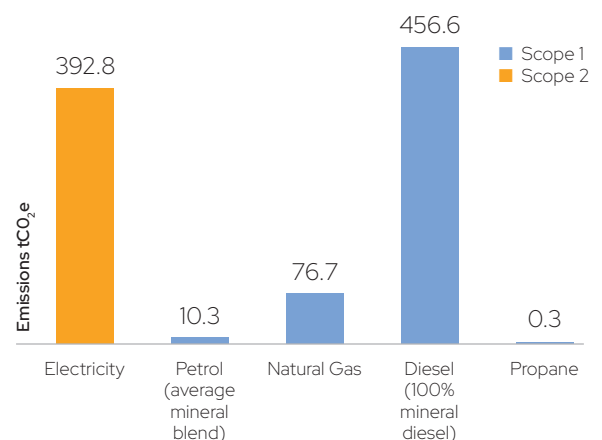
### GHG EMISSIONS

Market-based (tCO<sub>2</sub>e)

	2019	2020	2021	2022
Number of Operating Companies	● ●	● ● ●	● ● ● ●	● ● ● ● ●
Scope 1	19 tCO <sub>2</sub> e	295 tCO <sub>2</sub> e	527 tCO <sub>2</sub> e	544 tCO <sub>2</sub> e
Scope 2	15 tCO <sub>2</sub> e	392 tCO <sub>2</sub> e	410 tCO <sub>2</sub> e	403 tCO <sub>2</sub> e

### SOURCES OF GHG EMISSIONS

Location-based (tCO<sub>2</sub>e)



## VALUING OUR PEOPLE

AT AXIUS WATER, nothing is more important than our people. These talented professionals interface with our customers and carry out our mission every day in a knowledgeable, safe, and environmentally conscious way. We strive to create a welcoming, as well as a safe and inclusive, workplace to attract and retain them.

### Diversity, Equity, and Inclusion (DE&I)

Because of our belief that a diverse workforce creates a stronger and more dynamic company, Axius Water welcomes and supports employees of all backgrounds, experiences, perspectives, and knowledge. To affirm and prioritize this commitment, we have taken the following actions:

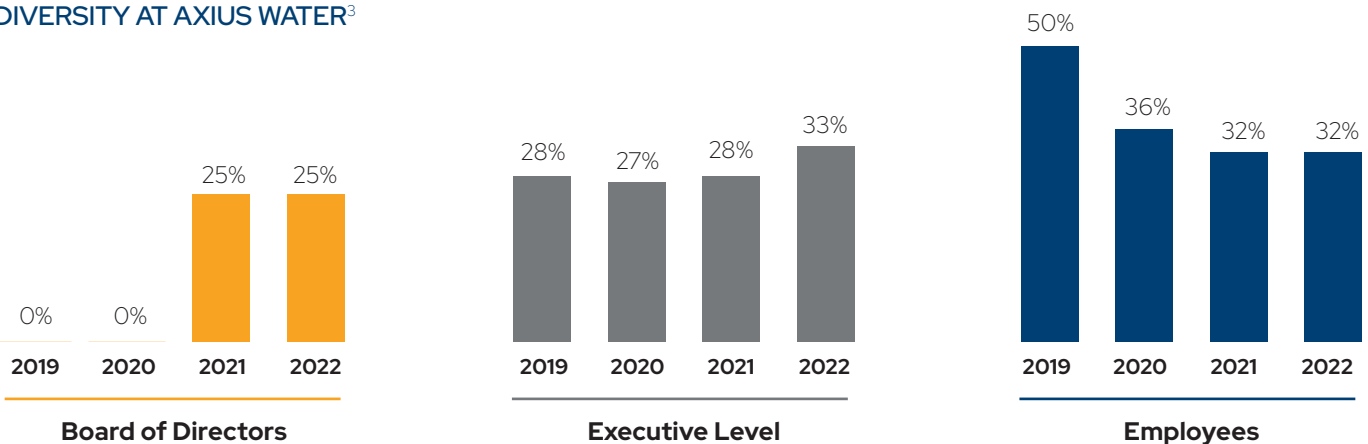
- Instituted a formal, companywide DE&I policy.
- Established the Axius Water DE&I Committee, comprising human resources professionals from each operating company, as well as any employees who volunteer their time. This committee will discuss and implement initiatives to enhance DE&I across the company.
- Developed e-learning modules for annual refresher courses, which are administered by a third-party educational service. The first of these courses was recently launched and is focused on unconscious bias



training, or how employees’ deeply ingrained beliefs, prejudices, and stereotypes impact their words and behaviors, which can lead to unintentional exclusion or discrimination against others in the workplace.

To promote equal opportunity during the recruitment and hiring process, Axius Water engages in outreach efforts to women, minorities, and other historically underrepresented groups in our industry to foster a diverse applicant pool. We prohibit discrimination of any type.

### DIVERSITY AT AXIUS WATER<sup>3</sup>



## Employee Engagement

In 2022, Axius Water sought to measure employee engagement and satisfaction to establish a baseline level, better understand issues that potentially exist among our workforce, and inform the development of future strategies to enhance engagement.

To that end, each operating company launched the first online employee Net Promoter Score (eNPS) survey to the entire global employee population during the fourth quarter of 2022. To provide survey access to manufacturing and assembly employees who do not have a company email address, the company set up shared computers and distributed paper surveys that were entered anonymously and manually through the online service.

To calculate the eNPS, the survey prompted employees to answer two simple questions about their workplace. The first question asked employees how likely they are to recommend their company as a place to work on a scale of one to 10, and the second question asked them to elaborate on the reasons behind their rating. From this information, the eNPS system generated a score and classified employees into three categories: promoters, neutrals, or detractors.

### Although specific opportunities for improvement in certain categories were identified, Axius Water achieved an overall promoter score of 9.

Leadership at each operating company, including members of the brand-new DE&I Committee, will follow up on the eNPS survey results by taking the top two detractor categories and compiling data, driving internal conversations, and reporting back to applicable functional groups to prepare plans of action for 2023.

The eNPS survey will become an annual activity to keep a pulse on the current state of our workforce and will be distributed next in the fourth quarter of 2023.

## Safety Performance

Our responsibility is to return our valued employees safe and healthy to their families and loved ones every day. To ensure that we achieve this goal, we are in the process of strengthening health and safety oversight at Axius Water.

## Workforce Health and Safety

We have created the Axius Water Workforce Health and Safety Committee, comprising safety professionals at each operating company as well as any other employees who choose to volunteer, to standardize safety policies and programs, establish best practices, and carry out health and safety initiatives. Previously, general managers at each operating company oversaw these initiatives and reported health and safety statistics each month to Axius Water. While general managers are still responsible for their employees' health and safety, going forward, our safety program is supported by the Workforce Health and Safety Committee, which leverages the best practices of each operating company and removes the onus on general managers to drive safety into everyday behaviors.

Additionally, to enhance compliance with U.S. Occupational Safety and Health Administration (OSHA) standards, Axius Water is shifting away from our previous terminology of tracking of "zero recordable injuries" to tracking our total recordable incident rate (TRIR) and lost time injury frequency rate (LTIFR), as defined by OSHA. We are deploying a new performance monitoring and data collection system, and 2023 will be our baseline year for tracking and reporting data consistently across our operating companies.

We are also implementing:

- Quarterly safety meetings to discuss recent incidents and their root causes to support proactive prevention, collaboration, and knowledge sharing of important and timely safety topics.
- Internal safety audits.
- Refresher safety training courses.

In 2022, Axius Water launched an anonymous hotline for employees to report concerns about unsafe working conditions. This hotline is managed by a third-party service to assure objectivity and encourage employees' honesty. Should an employee report any safety issues, this service will alert an Axius Water Board member so they can address the problem with the appropriate personnel.

# SUSTAINABILITY OVERSIGHT

**AXIUS WATER IS GUIDED BY A ROBUST LEADERSHIP TEAM** that incorporates sustainability considerations at the forefront of everything we do because we believe that this will drive stronger employee engagement, assist our clients in meeting their sustainability goals, and leave a larger, more positive impact on the global environment in support of the UN mission of clean water and sanitation for all.

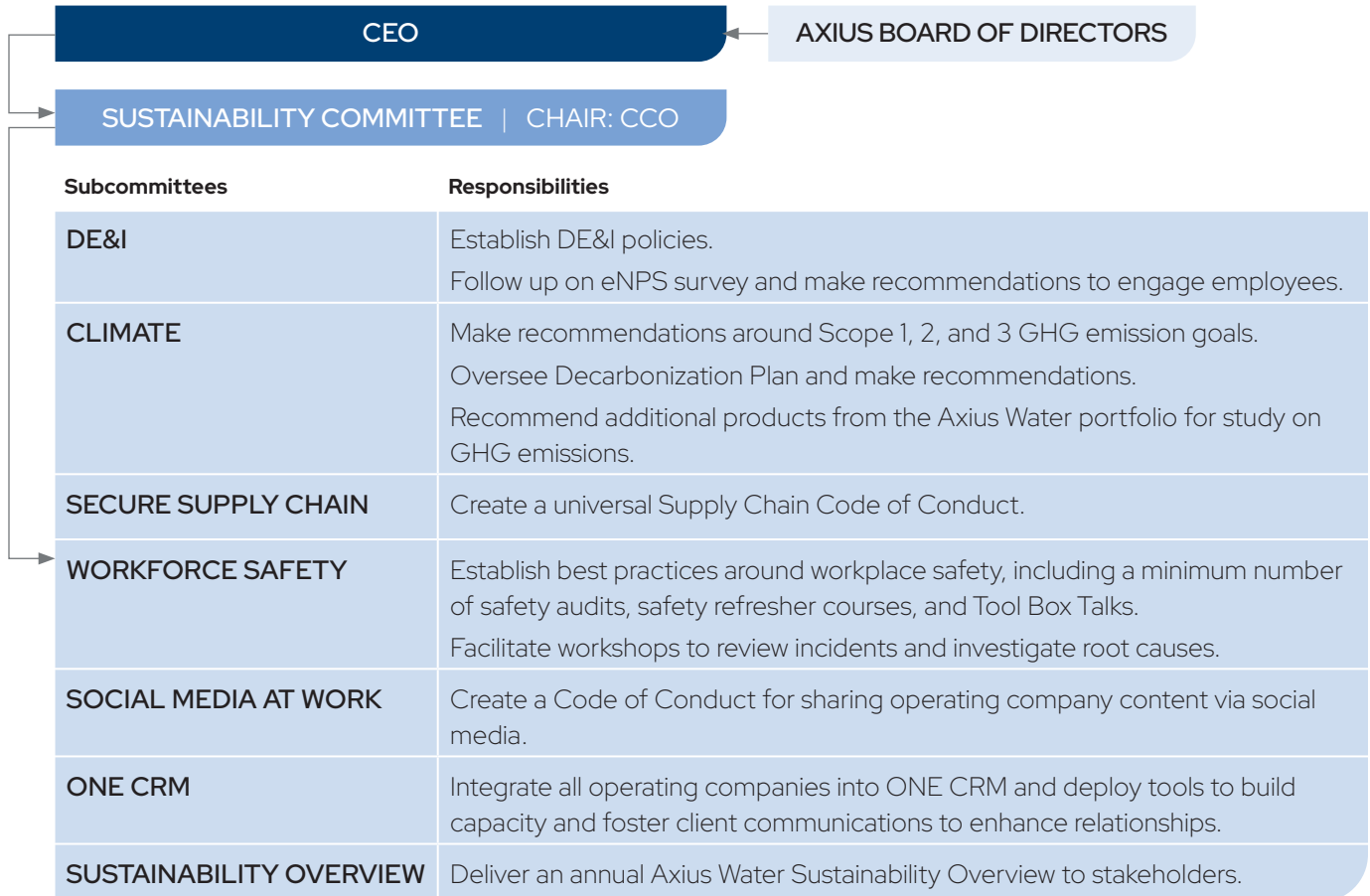
Responsibility for setting goals, reporting data, and measuring progress related to Axius Water’s sustainability performance is required by the Board that governs the company and rests with the chief executive officer (CEO). The chief commercial officer (CCO) serves as the chair of the brand-new Axius Water Sustainability Committee. This role involves prioritizing and leading initiatives that the

committee undertakes, as well as those activities of the subcommittees that report upward to the Sustainability Committee: DEI Committee, Climate Committee, Secure Supply Chain Committee, Workforce Safety Committee, Social Media at Work Committee, ONE CRM Committee, and Sustainability Overview Committee.

Axius Water established this overarching Sustainability Committee to bring more voices and direct oversight to this imperative, aggregate the investments required to support these ever-strengthening goals, and enhance collaboration across the company in coordinating and managing sustainability initiatives.

The Board also requires quarterly updates and annual goal-setting on sustainability topics.

## LEADERSHIP TEAM



## RESPONSIBLE BUSINESS OPERATIONS

### Business Resilience and Continuity

Our operating companies strive to build operational resilience and maintain business continuity to ensure that they can deliver critical raw materials even during market disruptions.

Late in 2021 and early 2022, unprecedented global market conditions impacted the availability of primary raw materials for EOSi's MicroC carbon sources. In the wake of postpandemic economic growth, market demand outpaced supply, which drove prices for raw materials to all-time highs, representing four times the average price. During this period, EOSi leveraged its nationwide logistics network comprising more than 20 production and warehouse facilities to achieve an on-time delivery rate of 98%. Most importantly, MicroC customers never ran out of product.

EOSi managed cost risk by buying, carrying, and increasing the use of low-cost inventory, maintaining a diverse mix of contracted raw material supply, and swapping and reselling raw materials. They accomplished this without compromising MicroC quality, truck and rail payload optimization, and dedicated logistics equipment, among other strategic initiatives. Despite challenges, the EOSi team and vendor network reinforced their position as a reliable provider of high-quality MicroC.

At EDI and Nexom, electrical components were in short supply globally, with long lead times and capacity issues at manufacturing facilities. To overcome the issue, the supply chain team worked closely with engineering and suppliers to find alternatives, approve substitutions, and purchase in advance to secure availability.

As a regular practice, EDI and Nexom leverage each other's commodity and supply chain knowledge. EDI has helped Nexom to establish a network of suppliers that can accommodate American Iron and Steel (AIS) requirements for products manufactured in the United States. EDI also serves as Nexom's trusted supplier for diffusers.

Additionally, prices increased for plastic components. To ensure that customers could continue to obtain the

best price for plastic components, our supply chain teams continually engaged in rigorous forecasting and negotiation of prices and explored new supply bases.

### Supply Chain Management

We have taken steps to strengthen oversight of sustainability issues among our suppliers. To confirm that our suppliers align with our values and are in legal compliance, Axis Water has adopted a standard, companywide supplier questionnaire and verification process—using ATAC's questionnaire and process as a template—across all operating companies.

### Oversight of Supplier Sustainability Issues

Sustainability considerations are included in the supplier-selection process, and evidence is sought of such aspects, including:

- Proof of insurance
- ISO certification
- Membership and/or accreditation in professional trade organizations
- Anti-slavery policy
- Health and safety policy
- Safety performance and incident history
- Health and safety personnel contact information
- Environmental policies
- Environmental impact assessment
- Pollution prevention plans
- Environmental manager contact information
- Training

Each supplier is thoroughly vetted and, as needed, we conduct site visits as part of the approval process.

We have also established a new Secure Supply Chain Committee, with members across our four operating companies, to create a universal Supply Chain Code of Conduct.

## Risk Management

At both the platform and operating company levels, senior leaders take various actions to identify, assess, and manage sustainability and other risks and opportunities. Risk management for Axius Water companies stems from three challenges:

### Leadership Continuity

One of the biggest challenges for small- to medium-sized businesses is that they have effective but lean leadership teams. In 2022, two of our operating companies lost at least one senior leader from their businesses. However, in both cases, resources from the Axius Water team were able to step in on a temporary basis and provide crucial support, which prevented productivity losses and resulted in another double-digit growth year.

### Communications

It is a significant challenge to facilitate intercompany communications among four diverse businesses in different time zones efficiently and without requiring lengthy org charts and introductions that must be continually updated. Axius leadership invested in Microsoft Teams channels that allow instant chatting for critical communications and quick questions alike. Microsoft Teams also uses auto-populate features so that employees at our operating companies can easily schedule meetings in proper time zones while checking colleagues' name spelling, titles, calendar availability, and online status. This has helped foster seamless communication and create a cohesive team at Axius Water.

### Data Responsibility

Cybersecurity and data protection are among the most significant risks for companies today. To centralize and streamline data-security efforts for all operating companies, the Axius finance and information technology (IT) groups are responsible for data protection and integrity.

Migrating away from financial records that use spreadsheet-

based tools and investing in an enterprise resource planning (ERP) system helped us to attain financial reporting systems that are:

- Resilient (not at risk of cyberactivity, backed up to the cloud, and accessible from multiple remote locations).
- Grounded in financial accounting and third-party audit standards established

by the Board that governs Axius Water.

Additionally, in 2022, Axius Water completed a comprehensive cybersecurity assessment in coordination with the cybersecurity division of Aon Insurance. We also enhanced security configurations for all network back-up solutions and upgraded our firewall.

## HELPING MUNICIPAL CUSTOMERS NAVIGATE CHANGE

In November 2021, the U.S. government passed visionary yet massive, highly complex legislation: the Infrastructure Investment and Jobs Act (IIJA), which provides \$1.2 trillion in funding for critical infrastructure projects. The IIJA took effect in May 2022 and is alternatively referred to as the Bipartisan Infrastructure Law (BIL).

Part of this law allocated \$43.5 billion to the State Revolving Fund (SRF) Loan Program. These funds will be distributed among states, tribes, and territories over the next five years based on the need to support clean drinking water and wastewater projects.

But there is one major caveat—any project accepting \$1 of these federal funds must buy iron, steel, manufactured products, and construction materials made in the United States, unless a waiver is granted. The requirement for American-made products is commonly known as Build America Buy America (BABA) and was included as a means to drive further investment into manufacturing, and therefore jobs, in the United States.

Axius Water took the initiative to work with the EPA to seek clarity and, in turn, educate municipal customers and guide them in navigating this

transformative legislation. Ultimately, we wanted to help projects advance this massive legislation and eliminate delays.

On our customers' behalf, we:

1. Attended EPA webinars to educate ourselves on the facts.
2. Repurposed critical content from EPA presentations and shared this information with our customers via social media and email, including reminders of important deadlines.
3. Published IIJA/BIL/BABA content on our operating companies' websites with links to relevant EPA documents.
4. Worked with the EPA to define terms, such as *manufactured goods*, and establish documents for Made in America Manufacturing Certificates for manufactured goods.

This legislation offers an important opportunity to reinvest in infrastructure that touches every human. As intended, IIJA/BIL/BABA requirements resulted in Nexom selecting the United States versus other global sites to manufacture new MITA pile cloth filters (please see [page 16](#) for more information).



### Empowering Professional Growth

For Isaiah LaRue, Regional Sales Manager at EDI and Nexom, the Water Environment Federation® (WEF) is an important tool for professional growth. This is why Isaiah, a 10-year member of WEF, sits on the Plant Operations and Maintenance Community (POMC) Committee and, starting in 2022, serves as the chair for POMC Webcasts. In this role, he

procures speaker teams for biannual, two-hour webcasts and co-moderates these sessions. He has participated in webcasts covering a range of topics, such as asset management, co-digestion, probes and instrumentation, plant upsets, and digital twins. The target audience is entry-level plant operators and design engineers all the way up to top decision-makers at plants.

## STRONGER TOGETHER CASE STUDIES

# Expansion into New Markets

**Operating Companies:** ATAC, Nexom

**Solution:** MITA Cloth Disk Filter

**Locations:** UK, North America



**U.S. GOVERNMENT REGULATIONS** surrounding wastewater reuse or release have increased in stringency at the same time as requirements for federal funding of projects dictate that water-treatment products be made domestically. In response, Nexom is delivering the optimal technology for tertiary suspended solids removal at wastewater-treatment facilities. Because of ATAC's previous work in the UK with Italy-based MITA Water Technologies®, Nexom is now the exclusive manufacturer and distributor of innovative MITA pile cloth filters in North America.

MITA filters have built a strong track record of success in the UK, where environmental regulations are equally strict. ATAC is a Tier 2 contractor working directly with UK framework utilities to design, sell, and execute technologies for nutrient-pollution-removal projects that can achieve the goals of environmental agencies overseeing water and sewage sectors. For all nationally significant infrastructure projects for water and wastewater that are expected to impact populations of at least 500,000, these goals include:

- Reduce pollution incidents by 30%.
- Improve more than 7,455 miles (12,000 km) of river by targeting the removal of phosphorus (P) and total suspended solids (TSS).

The primary means of eliminating P is precipitation, which combines wastewater with metal salts in mixing tanks. Here, solid precipitants of P form "flocs" and are

then separated by settlement in lamella or humus tanks. However, the addition of ferric salts results in an increase in TSS. Therefore, cloth disk filters are used to reduce solids prior to the release of effluent into nearby water bodies. Since 2018, ATAC has successfully deployed MITA filters to reduce both P and TSS, as these best-in-class filters can reduce solids in the effluent to as low as <math><5\text{ mg TSS/L}</math> and produce total P values after ferric additions down to 0.25 mg/L. Typically, this filter yields solids removal between 50 to 92.5% of TSS in the feed sample.

Through an introduction via ATAC, Nexom gained the trust of MITA Water Technologies to bring these advanced filters to North America. Using Nexom's local manufacturing facilities, highly technical resources, and product design and process expertise, Nexom has many U.S. installations of MITA filters set to come online soon, ready to meet regulatory demands and satisfy made-in-America requirements. Not only is it a superior product on the market to meet industry and environmental needs but it is also affordable, featuring a design that enhances the efficiency of installations and reduces the frequency of replacement.

Nexom continues to meet with ATAC and MITA Water Technologies personnel weekly to collaborate on product evolution and overcome new filtration challenges that arise.



# Cross-Continental Collaboration

**Operating Companies:** EDI and Nexom

**Solution:** OptAER® Fine Bubble Lagoon Aeration with Float-Sink™ Technology

**Locations:** North America, Central Europe, Two Lagoon Sites in Africa



**A SUBSIDIARY OF A MULTINATIONAL BREWING CONGLOMERATE** in Africa producing beer and soft drink products had unique lagoon systems at two separate sites that required diffused air systems to produce an airflow of 3,550 Nm<sup>3</sup>/hour and 3,195 Nm<sup>3</sup>/hour, respectively, and treat processed water. This company had partnered with an engineering firm in Belgium to design a solution but needed the optimal aeration technology to implement it fully.

A member of EDI's international sales team, who is based in Germany, enjoyed a strong relationship with this engineering firm. Through EDI's recommendation, Nexom gained the opportunity to recommend a technology for the brewing subsidiary's lagoon systems. Ultimately, Nexom was selected for this project owing to its rare expertise in lagoon systems, proven problem-solving capabilities, and the innovative OptAER fine bubble lagoon aeration system with Float-Sink technology. This turned out to be the ideal answer for these two lagoon systems.

The challenge with one of these lagoons was that it operated as a sequencing batch reactor (SBR), in which water levels fluctuate. A Float-Sink system allows the fine bubble diffusers to become buoyant and float to the surface for routine maintenance and inspection while otherwise remaining at the bottom of the lagoon during normal operations—functioning well and without disruptions regardless of changing water levels. Float-Sink systems also reduce maintenance and installation costs because there is no need to de-water the lagoons or take the diffusers out of service. Although the second lagoon was an activated sludge system, designing the same solution for both plants allowed for simplified operations and maintenance for staff.

Throughout the project, EDI served as a coordinator and main point of contact between the engineering firm in Belgium and Nexom in North America. With their knowledge of the customer needs and local market, EDI assisted Nexom in understanding the scope of supply and liaised between Nexom and the engineering firm to correctly convert measurements for pipe dimensions and airflow to accommodate European piping systems. Being located in the same time zone as the engineering firm, EDI also worked diligently to avoid communication delays and support efficient resolution to questions.

Without EDI's international reach, Nexom, whose sales team is primarily based in North America, would not have learned of this opportunity across the globe. Likewise, the brewing company's subsidiary would not have benefited from an innovative technology that improves water quality.

# End-to-End Solutions Plus Technical Expertise

**Operating Companies:** EDI, EOSi, Nexom, and ATAC

**Solution:** BioPorts™ Moving Bed Biofilm Reactor (MBBR) Products, MicroC Supplemental Carbon, MITA Cloth Disk Filter, Aeration Equipment, Equalization Tanks

**Locations:** U.S. Midwest

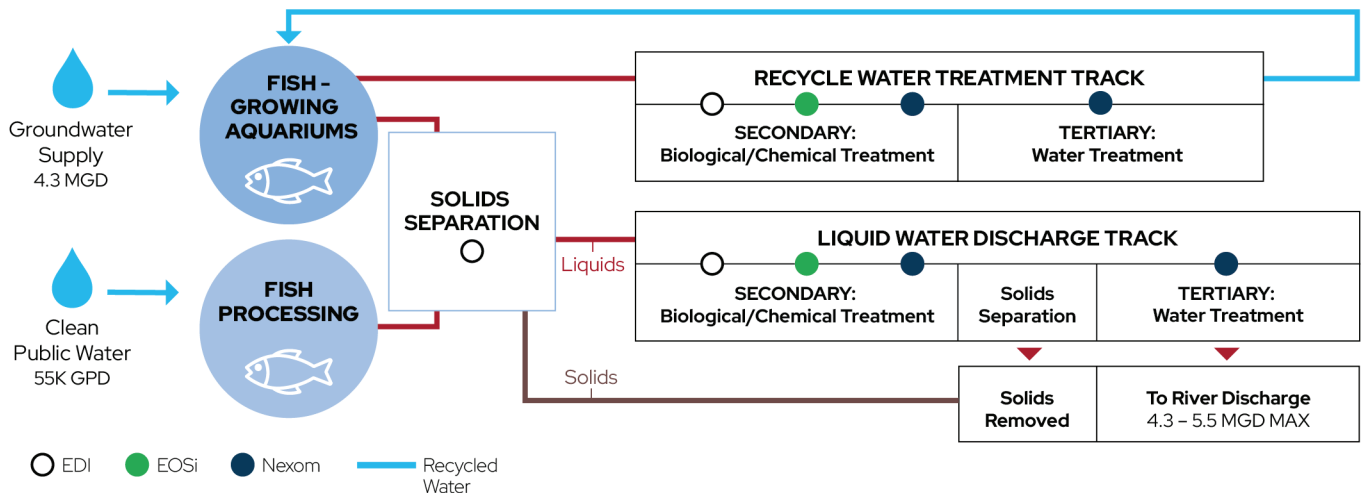
As part of the construction of its new large-scale facility, a U.S. commercial fish farm required a water-treatment solution that would enable it to:

- Reuse water from its well field supply for aquaculture while keeping fish intended for human consumption healthy and free from contaminants, including nitrates.
- Meet low effluent limits for the discharge of process water into a nearby river.

The fish farm’s design-build contractor initially approached EDI to evaluate SBR options. As our team learned more about the application and the project goals, the solution evolved. Initially, it began as an oxidation ditch with fixed grids and eventually became an MBBR with other accompanying technologies to address application- and site-specific needs, but then more of our operating companies became involved. Technical experts at EDI, then EOSi and eventually Nexom (now armed with MITA technology via ATAC), recognized that integration of all of these treatment processes provided the optimal solution for the unique demands of this facility.

Together, these complex biological, physical, and chemical technologies created a complete, robust package to achieve the fish farm’s water-treatment needs. Had these operating companies not collaborated on this project, no other comparable and equally comprehensive technology existed to meet the end user’s requirements.

Axius Water regularly expands our portfolio of operating companies to encourage synergy and give our customers and end users stronger tools and deep application expertise to achieve desired treatment functionality. We strive to be a trustworthy resource that these parties can rely upon not just for desired results but also for in-depth discussion, exploration of all feasible options, and recommendation of the most effective solutions.



## FORWARD-LOOKING STATEMENTS

Certain information set forth in this presentation contains “forward-looking information” about Axius Water (“the Company”).

Except for statements of historical fact, the information contained herein constitutes forward-looking statements and includes, but is not limited to, the (i) projected financial performance of the Company; (ii) the expected development of the Company’s business, projects, and joint ventures; (iii) execution of the Company’s vision and growth strategy, including with respect to future M&A activity and global growth; (iv) completion of the Company’s projects that are currently underway, in development or otherwise under consideration; and (v) renewal of the Company’s current customer, supplier, and other material agreements. Forward-looking statements are provided to allow potential investors the opportunity to understand management’s beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.

These statements are not guarantees of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements.

Although forward-looking statements contained in this presentation are based upon what management of the Company believes are reasonable

assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

## ENDNOTES

**Endnote 1, page 6:** U.S. Environmental Protection Agency. Nutrient Pollution. January 2023. <https://www.epa.gov/nutrientpollution/issue>.

**Endnote 2, page 9:** As a specific example of our project follow-up, every SAGR® Post Lagoon Cold Water Nitrification system that Axius Water sells receives an annual health assessment by the Nexom Research & Development manager, who holds a Ph.D. This ensures that the process is meeting the intended results. Additionally, EOSi developed Nitrack to optimize the dose of MicroC required to enable efficient reduction of nitrogen by the biology that it supports. Often, both of these services allow our end users to attain better nutrient removal with less energy, fewer chemicals, and lowered operating costs.

**Endnote 3, page 10:** There was a reporting error in the 2021 Sustainability Overview on page 4 regarding executives that identified as being diverse, but the data was correctly reported at 28% on page 10 of the 2021 Sustainability Overview and was correctly reported on page 10 of the 2022 Sustainability Overview.

## TRADEMARKS OF THE AXIUS WATER COMPANIES

ATAC® and ATAC Solutions® are registered trademarks in the UK.

BioPorts™ and Float-Sink™ are Nexom trademarks.

EDI® is a registered trademark in the United States, UK, EU, India, and China.

EDI design is registered in the United States, India, and China.

Environmental Dynamics International® is a registered trademark in the United States and India.

MicroC® is an EOSi-registered trademark in the United States.

Nexom® is a registered trademark in the United States and Canada.

optAER® is a Nexom-registered trademark in the United States.

SAGR® and design is a Nexom-registered trademark in the United States and Canada.

### Other mentions:

Microsoft Teams is a trademark of the Microsoft group of companies.

MITA Water Technologies® is a MITA Group S.p.A.-registered trademark in Italy.

Water Environmental Federation® (WEF) is a registered trademark of the WEF.

Nexom received California Title 22 approval for the use of pile cloth filters in 2023.



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Axius Water companies

