Aerospace manufacturing and aviation plays a profound role in our economies, society and national security.

The industry has always placed safety as its top priority, and that continues, but now there is also firm attention on its broader Environment, Social and Governance (ESG) agenda. Today, we are seeing how the aerospace industry is applying its appetite for innovation to focus on ways to reduce its carbon emissions across the supply chain, and embed sustainability in different areas of the business. Improvements here will have a significant impact on lowering emissions and furthering responsible business practices. Not only that, companies with who have embraced multiple ESG attributes – such as having a diverse workforce; more transparent governance and security; skilled, safe, and satisfied employees; and efficient environmental plans, are now finding opportunities to bring about a competitive advantage and ultimately create better value for their stakeholders.

One such company is Atlas Group (Atlas), a global provider of aerospace products. With nearly 700 employees, most of whom are based at the company’s Wichita, Kansas site, the Atlas team offers a single source for a diverse array of flight-critical, complex assemblies on a diverse group of commercial, defense, and business aircraft, including the 737MAX, Gulfstream G650, and nearly every Textron Aviation aircraft.

Atlas has gained a solid reputation as efficient and reliable, achieved through its focus on vertical integration, innovative practices, and lean manufacturing. Their vertical integration sets the standard for excellence in manufacturing, and allows Atlas to deliver a broad range of complex aircraft assemblies, including complete aircraft doors, escape hatches, wing structures, and flight control assemblies for a growing list of leading aerospace OEMs.
Wind renewable powers over 75% of Wichita, Kansas facility

Today, over 75 percent of Atlas’ energy supply at its Wichita, Kansas site is powered by local, renewable wind sources. The Wichita facility runs operations to support capabilities in complex structures assembly, precision machining, sheet metal fabrication, and components for the aerospace industry, including oversized parts and applications in sheet metal, machining, and small assemblies.

Starting the switch

Atlas’ fleet of forklifts include several electric ones. Electric forklifts not only cost less for fuel, require lower maintenance, and need less fluids like engine oil, coolant and filters, they also reduce the amount of emissions when compared to propane powered machines.

6 of the 33 electric forklift fleet are electric

This energy initiative is a key component of Atlas’ emerging transformation to more environmentally responsible operations.

Since 2019, Atlas has been in agreement with energy supplier Evergy to use the renewable power that comes from the Ponderosa Wind Energy Center, a wind project located in Beaver County, Oklahoma. Evergy is a subsidiary of NextEra Energy Resources LLC, the world’s largest generator of renewable energy from the wind and sun.

While looking for improvements to both its environmental and operational performance, the Atlas team found an opportunity to purchase clean electricity at a competitive cost via a long-term contract. This not only significantly increases the site’s efficiency, but also builds competitiveness at a time of increasing costs for nonrenewable energy.

By contracting with The Ponderosa Wind Energy Center, Atlas is also contributing to supporting economies, jobs, and revenue for local communities.

Emission reduction equates to 7 tons of CO2e or 6.5%* 
*When comparing propane-powered
Driving leadership from within

Human Capital is one key area in which Atlas differentiates. They place a rigorous focus on skills and training, making its employees among the most skilled and tenured in the industry.

In recent years, Atlas has introduced several training initiatives, which are not only increasing satisfaction and performance, but reduce employee turnover – notably high in the manufacturing industry – and make Atlas an attractive and competitive place to work.

Atlas Leadership Development Program
Many of Atlas’ leaders are promoted from within the workforce and its assembly/manufacturing lines. Aspiring leaders are identified through performance assessments – which are now carried out by all individuals in the company – with rising performers being asked to join the Leadership Development Program. Every year, over 10 percent of the workforce are provided training, role playing opportunities, and mentoring, helping them prepare to grow into roles of increased leadership.

Atlas employee retention

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<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>% turnover</td>
<td>29%</td>
<td>14%</td>
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Leadership Principles

- Integrity and Trust
- Devotion to the organization
- Seeing the strategic picture – rather than firefighting
- Teacher and Coach – empowering their teams

Over 10% of the workforce undergo leadership training each year

“...All our current and potential leaders are encouraged to embrace diversity, empower teams, and discover talent at all levels. By allowing employees to thrive, Atlas creates a stronger and more dedicated team.”

Jim McMullen CEO, Atlas Group
Tackling cyber security to increase Atlas sustainability

The size and scale of cyber threats grow every day. As aerospace and defense manufacturing companies look for more ways to drive efficient, faster moving methods of production—including through the use of robotics, and greater integration of operational technologies—the risk of cyber threats only increases. For this highly regulated industry, theft of sensitive data is also a key area of concern. This makes cyber risk management a central part of Atlas’ ESG sustainability assessment.

The Atlas information security team manages an array of assets, including infrastructure, applications, endpoints, mobile devices, and cloud services, all of which can be attacked, and keeps up with the latest technology to help detect and foil potential threats.

91% of cyberattacks start with an email

Atlas utilizes Barracuda’s comprehensive email protection service, a multilayered defense against today’s most advanced inbox cyber threats. Barracuda collects email, network, and application threat data from more than 200,000 companies worldwide and utilizes an artificial intelligence engine to analyze communication behavior to detect and stop impersonation attacks in real time.

Barracuda is protecting Atlas from volumetric threats, such as malware and spam, as well as advanced threats, including ransomware and zero-day attacks. It quickly filters, scans, and sanitizes every email before it is delivered to Atlas’ mail servers to protect from email-borne threats. Using virus scanning, spam scoring, real-time intent analysis, URL link protection, reputation checks, and other techniques, Barracuda provides Atlas with the best possible level of protection.

Tackling the weakest link

Employees are often referred to as the weakest link in any cyber security chain. All employees receive cybersecurity training upon joining, as well as technology security infrastructure, to support cyber resilience.

Compliance certifications
- US Department of Defense external certificate
- Authorized user of the DIB.net cyber security reporting system
- DFARS 252.204-7012 compliant
- Expect Cybersecurity Maturity Model Certification (CMMC) by the end of 2024

SonicWALL
Next Generation security
- Secure networks from the most advanced attacks
- Advanced firewall security services protect entire IT infrastructure
- Gateway protection from most dangerous malware, including zero-day and encrypted threats

Binary Defense Systems (BDS)
- Real time defense at all locations
- Human-driven, technology-assisted approach
- Detects malicious behavior before it becomes a major issue
- Monitors security data, prioritize alarms, and notifies Atlas if further investigation is required
Our pledge

AE Industrial Partners is committed to its ESG and DEI principles at both the firm and portfolio company level.

From integrating social and environmental factors into our investment decision-making, to supporting diverse hiring and board representation, AEI will be a progressive voice in the industry, leading by example.

As we move forward in our ESG journey, we will continue to strive to deliver greatest value for our investors and society.

Discover more about AE Industrial’s ESG agenda

AE Industrial Partners have developed a robust ESG program to ensure ongoing risk mitigation and value creation, and to assess performance in these areas through select ESG metrics. The program is governed primarily by our ESG policy, which provides a framework for how we assess and address ESG considerations, both within our firm and across our portfolio.

AE Industrial’s internal ESG committee is responsible for overseeing execution of the policy. Our ESG integration applies throughout due diligence, investment, and ownership activities. Where possible, we seek to use industry standards as our benchmark, such as the U.N. Principles for Responsible Investment, to ensure that we are aligned with the most current ESG expectations.

Discover more at: www.aeroequity.com/esg