

# SUSTAINABILITY REPORT

2021



 **MERCURY**  
GO BOLDLY.®

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Certain statements in this Sustainability Report are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations, estimates, and projections about our business and by their nature address matters that are, to different degrees, uncertain. Words such as may, could, should, expect, anticipate, project, position, intend, target, plan, seek, forecast, estimate, believe, predict, outlook, and similar expressions are intended to identify forward-looking statements.

Similarly, statements that describe or refer to future expectations, future plans, strategies, objectives, outlooks, targets, guidance, commitments, or goals are also forward-looking statements. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties that may cause actual results, including the pursuit or continuation of any program, policy, or initiative discussed or forecasted in this report, to differ materially from expectations. Forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update them to reflect events or circumstances after the date of this report.



## WORDS FROM OUR PRESIDENT

As the world leader in marine propulsion systems, Mercury Marine is redefining the future of boating. We are in a unique position to drive more sustainable processes, minimize our environmental impact and positively affect the communities in which we live and work. Our teams across the globe have built sustainability into every aspect of how we operate, and it has become part of our DNA.

Our unwavering commitment to sustainability spanning decades has served as the foundation for Mercury's record success in 2021. Our achievements earned industry recognition with our 11th Green Masters designation and the Corporate Energy Management Award from the Association of Energy Engineers, to name a few. As we look forward, we will continue to engage our employees, communities and partners through our four key pillars: Energy, Environment, Product and People.

### Energy

We built on our energy-conserving initiatives — modernizing equipment, redesigning facilities, redirecting and reusing manufacturing-generated heat, adopting new and energy-efficient technologies and investing in renewable sources of energy.

### Environment

To be kind to the planet, we cleaned the air and water that we returned to the environment, upheld our commitment to smelting only recycled aluminum for manufacturing and established another “zero waste to landfill” facility.

### Product

We designed and manufactured an industry-changing marine engine that, although representing the pinnacle of outboard power, is astoundingly quiet and fuel-efficient. We also developed our first electric outboard concept.

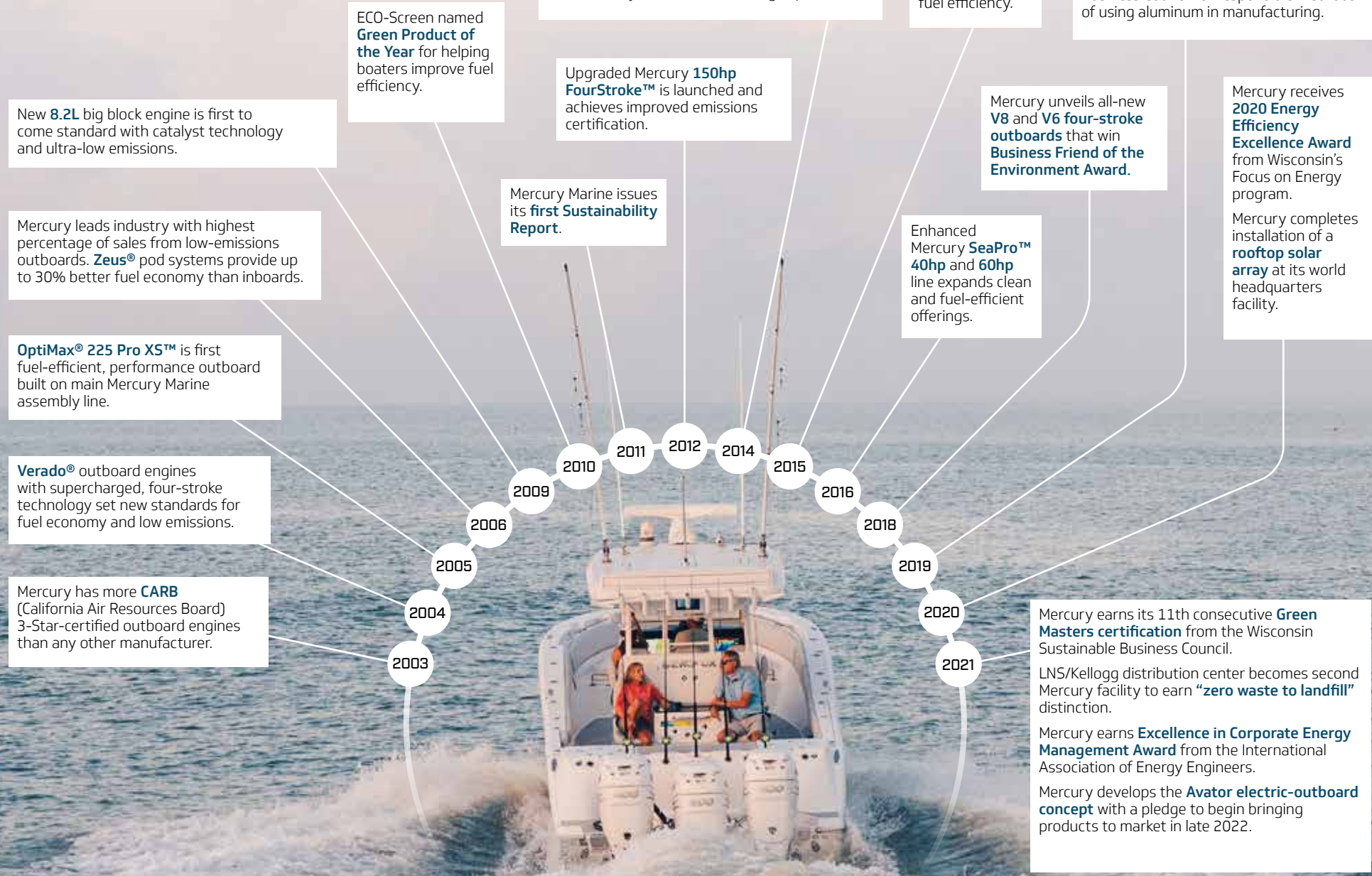
### People

To improve the lives of our employees and people in the communities we touch, we embraced diversity and inclusion, and we engaged employees in volunteering activities to serve others in need.

Our successes show that we prioritize sustainability in everything we do, regardless of the circumstances. In achieving our current sustainability goals, and in planning for more accomplishments in the future, we will continue to lead the way as we engage with partners and the communities where we do business. With ambitious sustainability targets to hit in 2025 and 2030, Mercury continues to push forward with a commitment to achieving our vision of sustainability and leading by example.

**Chris Drees** | President, Mercury Marine

# MERCURY MARINE SUSTAINABILITY TIMELINE



# AWARDS and RECOGNITIONS

## COMPANY, MANUFACTURING AND PRODUCT AWARDS

- ♦ 2021 Casting of the Year, Over 50 lbs. Category: Mercury V12 outboard engine block. Conferred by North American Die Casting Association (NADCA).
- ♦ 2021 Most Innovative Company Award: Brunswick/Mercury. Conferred by Soundings Trade Only media group.
- ♦ Top 10 Most Innovative Companies in 2020 Award: Brunswick/Mercury. Conferred by Soundings Trade Only media group.
- ♦ 2020 Red Dot Design Award: Mercury V8 and V6 FourStroke and V8 Verado outboards.
- ♦ 2020 Most Innovative Product Award: Mercury Marine 4.6-liter V8 four-stroke outboard engines. Awarded at the 2020 Hutchwilco New Zealand Boat Show.
- ♦ 2019 Innovation Award, Outboard Engines Category: Mercury Racing 450R. Conferred by the National Marine Manufacturers Association (NMMA).
- ♦ 2018 Manufacturer of the Year: Mercury Marine. Awarded by Wisconsin Manufacturers and Commerce.
- ♦ 2018 Innovation Award, Outboard Engines Category: Mercury Marine 3.4-liter V6 FourStroke outboard engines. Conferred by NMMA.
- ♦ IBEX 2018 Innovation Award, Propulsion Parts Category: Mercury Marine tiller handle assembly for portable outboard engines.
- ♦ 2018 Casting of the Year, Over 10lbs. Category: Mercury Marine V8 engine block. Conferred by NADCA.

## SUSTAINABILITY AWARDS

- ♦ 2021 International Corporate Energy Management Award. Conferred by Association of Energy Engineers (AEE).
- ♦ 2021 Green Masters designation: Mercury Marine (11th consecutive year). Awarded by Wisconsin Sustainable Business Council.
- ♦ 2020 Energy Efficiency Excellence Award: Mercury Marine. Conferred by Wisconsin Focus on Energy Program.
- ♦ America's Best-in-State employer in 2020: Brunswick/Mercury in Wisconsin. Conferred by Forbes.
- ♦ 2019 Sustainable Process Award for sustainable use of aluminum. Awarded by Wisconsin Sustainable Business Council.
- ♦ 2018 Sustainable Product of the Year Award: Mercury Marine Active Trim technology. Awarded by Wisconsin Sustainable Business Council.
- ♦ 2018 Business Friend of the Environment Award: Mercury Marine for its V8 and V6 outboard engines. Awarded by Wisconsin Manufacturers and Commerce (WMC).

# SUSTAINABILITY POLICY

Mercury Marine is committed to meeting its fiscal responsibilities while developing and manufacturing products in a manner that is safe, environmentally responsible, protective of the earth's natural resources and conducive to improved quality of life for all of its stakeholders.

Mercury Marine is a leading manufacturer of marine-propulsion systems — products that allow people throughout the world to play and work on the water. Respected as an industry leader in the development of engine technology and manufacturing processes, Mercury Marine is setting the pace and establishing new standards as the marine industry moves forward with contemporary low-emissions outboard, inboard and sterndrive marine-propulsion systems.

## FOUR PILLARS OF MERCURY MARINE SUSTAINABILITY

 <h3>ENERGY</h3> <p>Achieving greater energy efficiency by implementing energy-reducing projects, promoting best practices in energy management and employing new energy technologies.</p>	 <h3>ENVIRONMENT</h3> <p>Preserving the natural places where customers use Mercury products for work and play; decreasing the use of natural resources through conservation, redeployment and recycling; and returning purified resources to the planet whenever possible.</p>
 <h3>PRODUCT</h3> <p>Minimizing Mercury products' impact on water, land and air — recognizing the need for an unspoiled environment in which to live and enjoy Mercury products.</p>	 <h3>PEOPLE</h3> <p>Helping people where we live, work and do business — employees, partners, customers and the communities where Mercury operates — to enjoy happier, healthier and more fulfilling lives.</p>

# MERCURY MARINE AT A GLANCE

A division of Brunswick Corporation



FOUNDED:  
**1939**



GLOBAL EMPLOYEES:  
**7,800**



2021 REVENUE:  
**\$3.9 billion**



GLOBAL REACH:

Manufacturing plants  
in four countries

Global distribution  
networks in 40 countries



BUSINESS SEGMENTS

Marine outboard  
engines

Marine control systems  
and electronics

Marine sterndrive/inboard  
engines

Global parts and  
accessories products and  
distribution

Diesel engines



# ENERGY

## THE GOALS:

### **Deadline: year-end 2025**

Reduce energy consumption by 25% in comparison to 2016 baseline.

### **Deadline: year-end 2030**

Derive 50% of electricity from renewable sources.

## NEW AND ONGOING INITIATIVES

- ◆ In January 2021, **Mercury commissioned and made fully operational its new array of 320 photovoltaic solar panels at its Fond du Lac world headquarters.** The company had completed installation of the array at the end of 2020.

The new array is Mercury's first in the U.S. and will generate enough power to light a warehouse operation on the Fond du Lac campus for the next 30 years.

Mercury launched its first solar project in 2017 with the installation of a 2,000-panel array at the company's European headquarters in Petit Rechain, Belgium. That solar array, combined with improved insulation at the location, reduces the amount of electricity the facility draws from the grid by 33%, thus lowering the facility's utilities costs and enabling substantial use of clean and sustainable energy.

- ◆ Mercury parent company Brunswick Corporation in late 2021 completed a **virtual power purchase agreement (VPPA)** with Vesper Energy to offset a majority of the projected electrical power needs of Brunswick's global operations through clean solar energy.

Under the multi-year agreement, Vesper — a leading developer, owner and operator of utility-scale renewable energy assets — will deliver an estimated 57MW of renewable energy annually to the North American grid on Brunswick's behalf. The solar energy will be generated from Vesper's 500 MW Hornet Solar project in Texas, which is targeted to be fully operational by the end of 2023.

The Mercury contribution and renewable-energy credits involved in this agreement are commensurate with Mercury's standing as the largest Brunswick manufacturer.

- ◆ Mercury continues to grow, which means **projects to renovate or build new facilities** took place across the globe throughout 2021. The company's facilities



*Mercury now has photovoltaic solar arrays installed at its European headquarters and its world headquarters in the U.S. The company is also included in a large-scale virtual power purchase agreement that parent company Brunswick Corporation signed in 2021.*

projects include using the latest and most energy efficient HVAC systems, LED lighting, top-rated insulation, passive (natural) lighting, weather-stripping around windows and doors, double-door vestibules, automatic and timer-activated doors and more.

- ◆ In December 2021, Mercury announced plans for three new expansions to its Fond du Lac campus to help the company meet record demand from global customers. Mercury will increase capacity in both its foundry and machining facilities in Wisconsin, adding close to 100,000 additional square feet to its now 3 million square-foot campus.

All of the newly constructed facilities will employ energy-saving elements, including **natural and LED lighting and energy-efficient HVAC systems.**

- ◆ In addition to its expansion in Fond du Lac, Mercury also announced that it will construct a distribution center to support its parts-and-accessories business. The new 512,000 square-foot facility will be located near Indianapolis, Indiana, and will earn **LEED (leadership in energy and environmental design) certification.** Part of the design to achieve this certification is a roof-mounted solar array to be installed on the Southwest corner of the facility.

- ◆ At the Mercury facility in Juarez, Mexico, a major renovation in 2021 included the completion of work to install more than **50 skylights**, bringing daylight into work areas. There are plans to install another 30 skylights at the location in 2022.



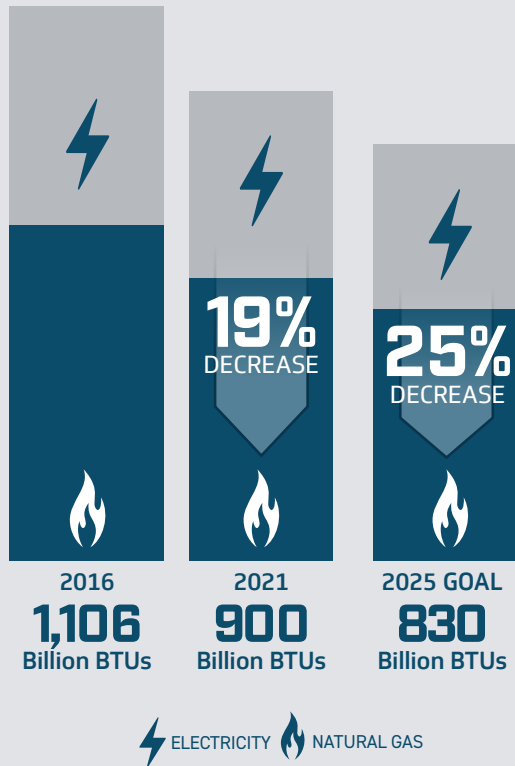
*This architect's rendition shows the vision for the new 512,000 square-foot Mercury distribution center that is currently under construction in Indianapolis, Indiana. The facility will earn LEED (leadership in energy and environmental design) certification, in part because it will feature a roof-mounted solar array.*





## GLOBAL ENERGY IMPROVEMENT

BASELINE



Mercury achieved significant reductions in energy consumption even during a year of historic growth in production.

- At the Mercury headquarters for its Europe, Middle East and Africa (EMEA) division in Petit-Rechain, Belgium, the company has grown its **fleet of electric vehicles** for employees' business ground travel. There are now more than 30 electric vehicles available.



These employees at EMEA headquarters proudly donned their Mercury bicycling gear and left their cars at home. The company makes electric bikes available for the commute.

- The EMEA Division also encourages employees to make their commutes to and from work greener, providing opportunities to borrow from a **fleet of electric bikes**.
- New and **highly efficient charging stations** for forklifts, order pickers and other equipment at the EMEA distribution center use 19% less primary energy to keep equipment charged and running.
- February 2021 was one of the coldest months on record in the U.S., resulting in nationwide shortages of natural gas. Consequently, during a period of peak natural gas consumption in the surrounding community, local utilities instructed Mercury and other large business and manufacturing operations to sharply curtail natural gas consumption or face extraordinary price increases. With a carefully orchestrated plan of thermostat adjustments and refinements to the operating procedures for smelting furnaces and other equipment running on natural gas, the company **reduced natural gas consumption by more than 20%** during this period without affecting production.

- Installation of new and more **energy efficient manufacturing equipment** continued in 2021, including new units for die-casting and investment casting; washing, cutting, grinding, machining, and polishing various metal parts; inertia welding; coating and painting; and much more. Equipment upgrades generate energy savings and efficiency gains of more than 2.6 million kWh annually.
- Mercury smelts 100% recycled aluminum for making castings of engine blocks and other components. The smelting furnaces generate tremendous heat when melting a batch of aluminum. Rather than releasing that energy to the outdoors, Mercury redirects that heat back to the holding hopper where the next batch waits to be melted. **This preheating process saves Mercury 20% of the natural gas it would otherwise use** to melt scrap aluminum. This equates to approximately 9 billion BTUs of energy saved every year.
- The company's use of recycled aluminum discussed above also results in substantial energy savings throughout the supply chain. **The energy required to melt aluminum scrap is approximately only 5% of the energy required to create primary aluminum** from bauxite ore. (The environmental benefits are also huge. See the "Environment" section of this report.)



Parking facilities at EMEA headquarters in Petit-Rechain, Belgium, include charging stations for electric vehicles.

- Mercury in 2021 accelerated its initiative to replace incandescent, fluorescent and halogen bulbs with energy efficient LED bulbs on its world-headquarters campus in Fond du Lac, Wisconsin. Throughout the year, the company installed close to **1,500 LED lighting units to replace less efficient lighting systems**. These upgrades bring the company's annual energy savings from LED lighting to 1,346,146 kWh. This is roughly the equivalent of the electricity used by 173 average U.S. homes in one year.
- Mercury partnered with Wisconsin's Focus on Energy initiative to bring an online **LED Lighting Fair** to employees in the state. The online event offered discounts on LED home-lighting solutions and other energy-saving products. Employees purchased roughly 6,000 products representing an estimated annual electricity savings of 366,746 kWh and a reduction in greenhouse-gas emissions equivalent to the average operation of 54 cars each year.



The image at left shows an aisle in the Mercury distribution center before the March 2021 project to replace its fluorescent high-bay light fixtures, and the image at right shows the same aisle after the installation of high-efficiency LED light fixtures. The project increased light levels in the warehouse by 36% while saving on energy costs. The project saves \$12,000 each year, with \$6,100 of the annual savings coming from reduced energy consumption and \$5,400 from reduced maintenance and re-lamping costs.



The Wisconsin Chapter of the Association of Energy Engineers (AEE) held the 2021 installment of its annual conference Aug. 27 in Fond du Lac, Wisconsin. Mercury served as a sponsor and host, with John Buelow, vice president of global operations (pictured above in navy blue blazer), serving as the event's keynote speaker. Buelow provided an overview of the company and its sustainability initiatives, with particular focus on energy conservation. The AEE's international organization awarded Mercury its prestigious Corporate Energy Management Award earlier in the year. In addition to presenting, Buelow brought Mercury facilities engineers (pictured with Buelow) to the front to receive recognition.



At its Oct. 20 annual International Awards Banquet in New Orleans, the Association of Energy Engineers (AEE) named Mercury Marine as the recipient of its Corporate Energy Management Award. In conferring the honor, AEE asserted that "Mercury Marine is an environmental steward, driven by environmentally conscious production and sustainable energy management."



# ENVIRONMENT

## THE GOALS:

### **Deadline: year-end 2025**

Designate 50% of global distribution centers and warehouse operations as “zero waste to landfill” facilities.

Reduce water consumption by 25% in comparison to 2016 baseline.

## NEW AND ONGOING INITIATIVES

- ♦ The Mercury division covering Australia, New Zealand and the Pacific (ANZP) sponsors **Sea Cleaners**, an Auckland-based not-for-profit organization dedicated to retrieving floating trash and debris off of New Zealand's shores and in other parts of the Pacific Ocean. In 2021, the organization began implementing plans to expand its fleet of boats from four to 10 — all to be powered by Mercury outboards.
- ♦ Employees at the Mercury plant in Juarez, Mexico, which manufactures wire harnesses and electrical components for Mercury engines, mounted **a campaign in 2021 to increase recycling**. The plant receives a broad assortment of incoming materials and components shipped in cardboard and plastic packaging, and it also uses a substantial volume of plastic cable binders as part of its assembly processes. The team there implemented new collection systems and rolled out a communication campaign to raise awareness among all employees. As a result, the Juarez employees increased by 20% the amount of materials they recycled from the plant floor in 2021. Additionally, Mercury contracted with a new service provider to significantly increase recycling of office paper.



Employees at the Mercury facility in Santa Catarina, Brazil, sort materials into their proper recycling streams.



Sea Cleaners of New Zealand will soon grow its fleet of debris-collecting vessels from four to 10. Although the boats will have differing designs and sizes, each suited for specific types of missions, they'll all have one thing in common: dependable Mercury outboard power.

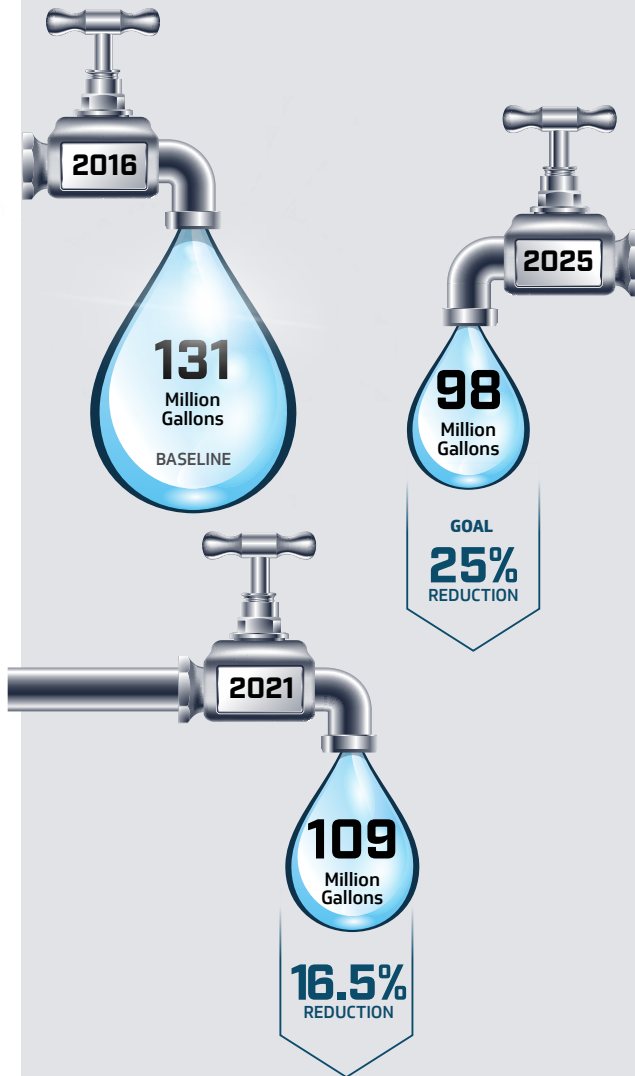
- ♦ The Mercury plants in Santa Catarina (Palhoça) and Manaus, Brazil, have been building on recycling initiatives they launched in 2015. **These facilities either recycle or reuse all packaging materials**. All plastic packaging materials that cannot be reused are agglutinated, casted, converted or cut into grains to be used in the production of new items. And used paper is crushed and forced through a sieve to remove impurities and prepare it for reuse. The facilities recycle approximately 500 kg of material per month, the equivalent of saving 72 trees per year.
- ♦ The large Mercury distribution-center operation in Suzhou, China, took steps to **make storage areas for industrial chemicals and oils more secure and leak-proof**. They made the flooring in these storage areas out of leak-proof materials and installed cofferdams to contain any leaks. They also adopted the use of leak-proof, plastic-lined pallet bases and installed emergency spill kits.
- ♦ Mercury **treats oily wastewater** generated from washing engine parts and cooling industrial machines. This process annually treats more than 650,000



In Suzhou, China, Mercury uses plastic pallet bases, cofferdams and leak-proof flooring to protect the environment from oils, chemicals and other industrial fluids.



# GLOBAL WATER IMPROVEMENT



Mercury achieved significant reductions in water consumption even during a year of historic growth in production.



Mercury employees in Fond du Lac collect litter along the company's adopted stretch of County Highway 23.

gallons of wastewater that would otherwise have to be hauled away. This saves roughly 23,000 miles of semi-truck travel on area roadways each year, conserving vehicle fuel and avoiding the noise, emissions, and other environmental impacts of over-the-road hauling.

- Mercury uses **only recycled sources of aluminum**, rather than prime aluminum derived from mined bauxite ore, in the castings that Mercury produces for engine blocks and other components. The company processes approximately 40 million pounds of recycled aluminum annually. Discarded vehicle wheels, wiring, and scrap from Brunswick Boat Group operations are melted and purified for use in Mercury's castings. Because its atomic structure is not altered during melting, aluminum can be recycled again and again without degradation of its inherent properties. The company's exclusive use of recycled aluminum for making castings avoids the environmental effects of bauxite ore mining for Mercury's aluminum-casting needs. Recycling aluminum emits only 5% of the greenhouse gases emitted when producing primary aluminum.
- Every few months, roughly a dozen Mercury employees and family members pick up trash along a stretch of

a county highway near the company's Fond du Lac, Wisconsin, world headquarters as part of the state's **Adopt-A-Highway program**. In 2021, each of these efforts yielded approximately eight large trash bags filled with roadside litter.

- The Fond du Lac facilities recycled 830 tons of **scrap wood and pallets**. Depending on its condition, wood was either reclaimed to repair pallets or ground up to make mulch.
- The Kellogg Marine distribution center in Old Lyme, Connecticut, achieved a **zero-waste-to-landfill designation in 2021**. The facility, which is part of the Land 'N' Sea (LNS) Mercury subsidiary, performs an essential role within a vast distribution network for parts, accessories and manufacturing materials.

This is the second facility that Mercury has identified as a zero-waste-to-landfill operation. In 2019, Mercury announced that its Plant 3 warehouse and distribution operation at the company's Fond du Lac world headquarters had earned the distinction. Work at both facilities involves extensive use of packing materials and containers that — without focused efforts to reduce, reuse and recycle — could generate considerable landfill waste.



Employees at the Land 'N' Sea facility in Old Lyme, Connecticut, spearheaded several initiatives to reduce, reuse and recycle materials used for packaging, shipping and storing. As a result, the location now qualifies as a "zero waste to landfill" facility.



*The fine-grinding and polishing work performed by robotic cells at the Mercury plant dedicated to propeller manufacturing forgoes the need for drag finishing, a process that generates wastewater and landfill waste.*

Waste streams addressed in the initiative include cardboard, paper, plastic, metal, wood and other materials. The LNS team members developed procedures for ongoing monitoring of the reuse and recycling of waste-stream materials to ensure compliance with zero-waste standards.

- ◆ Employees working on-site at Mercury Fond du Lac facilities **recycled a variety of items** in 2021, including 621 tons of loose cardboard and another 119 tons of loose plastic shrink wrap, bottles, beverage cans and paper. Plus, employees shredded and recycled an additional 34 tons of office paper and 859 pounds of toner units from copier/printer devices.
- ◆ Mercury manufacturing operations continue to **recycle baled cardboard**, which totaled 631 tons in 2021. This contributed to the energy savings of 246,090 kWh, which is enough to power approximately 23 typical U.S. homes for one year. The amount of cardboard recycled represents a savings of 10,727 trees.
- ◆ As Mercury continues to rapidly expand its production of marine propellers to meet global demand, new





## WASTE REDUCTION



Goal is to maintain significantly reduced hazardous-waste levels as a proportion of total production.

Definitions and measurements of hazardous waste vary by country. Figures shown are based on EPA-defined measurements for operations in the U.S.



All of the aluminum in the patented alloy that Mercury uses in its castings is recycled. Here, molten alloy goes into the pouring hole of the die-cast machine's hydraulic cylinder. The machine will inject the material into a die mold under as much as 4,500 tons of pressure.

technologies introduced to increase capacity will also have environmental benefits. Four new robotic cells, two of which were implemented in 2021 with two more going on line in 2022, perform fine-finishing and polishing functions. Propellers finished in this way do not have to undergo a drag-finishing process that would generate wastewater and silt that would go to a landfill. When fully implemented and running at projected capacity, the four robotic cells will **spare the environment from as much as 1.5 million pounds of landfill waste and 4.5 million gallons of wastewater annually** that would otherwise be generated if Mercury were to do all the polishing work using the drag-finishing process.

- Mercury expanded its use of **returnable and reusable packaging** in 2021. The reusable packaging systems avoid landfill waste and ongoing acquisition of more packaging materials.

Per agreements with suppliers, various incoming parts and components arrive for assembly in packaging that will be returned to the originator for reuse. The cycle repeats again and again. This applies to many components originating from outside vendors as well as parts manufactured in other Mercury plants. In 2021, Mercury invested approximately \$5.5 million to acquire roughly 24,000 new reusable containers for incoming components.

The company's returnable-packaging initiative also applies to outgoing shipments of higher-horsepower (175hp and greater) outboard and sterndrive engines to boat manufacturers, dealers and distributors. Those recipients return the empty containers and the process repeats, saving landfill waste and cost with each cycle. In 2021, the company invested approximately \$1.8 million to acquire an additional 3,000 reusable packaging container systems for this purpose. Mercury shipped more than 50,000 engines in this manner in 2021.

Mercury ships higher-horsepower (175hp and greater) engines to boat manufacturers and dealers, who return the empty containers to Mercury for use in subsequent shipments.



Outside vendors and Mercury manufacturing units ship components to Mercury assembly operations in containers that are returned and reused repeatedly.





# PRODUCT

## THE GOALS:

**Deadline: year-end 2025**

Reduce outboard emissions (HC+NOx) by 80% in comparison to 2005 levels.

Reduce sterndrive emissions (HC+NOx) by 70% in comparison to 2005 levels.





## NEW AND ONGOING INITIATIVES

- First available to the marketplace beginning in June 2021, the **Mercury V12 600hp Verado outboard** features a two-speed transmission, unique propeller design and sophisticated fuel-management system that help these outboards **consume less fuel while delivering superior performance**. For example, in sea trials conducted with a 43-foot day boat, twin Mercury 600hp Verado outboards (1200 total horsepower) outperformed the top competitor's triple 425hp outboards (1275 total horsepower) in acceleration and top speed, all while logging **20% better fuel economy at cruise**.
- These outboards also leverage Mercury's renowned expertise in mitigating engine noise and vibration, for a quiet ride that is kind to nature.
- Mercury conserves raw materials, particularly metals, when manufacturing these outboards. In addition to using 100% recycled aluminum in its patented alloy, Mercury also employs an innovative design and a precise die-casting process that yield an **engine block that is lighter in weight and uses less raw material, without sacrificing durability**. Citing these advanced techniques, the North American Die Casting Association (NADCA) in September 2021 honored Mercury with its Casting of the Year Award in the Aluminum – Over 50 lbs. category for the Mercury V12 outboard engine block.
- Like other Mercury outboards, the V12 Verado engine has earned the three-star "**Ultra Low Emissions**" rating from the California Air Resources Board (CARB), which sets world-recognized standards in measuring air pollutants.



2021  
NADCA  
CASTING  
OF THE  
YEAR



- Other Mercury technologies help boaters conserve even more fuel when operating the brand's already fuel-efficient outboards. For example, **Advanced Range Optimization** automates fuel mixture for even greater efficiency and **Active Trim** automatically adjusts trim settings for the most efficient engine performance.
- While Mercury has led the way in diminishing the environmental impact of internal-combustion engines for marine applications, the company also sees a bright and sustainable future for electric marine propulsion. Throughout 2021, Mercury engineers worked tirelessly to develop the **Avator electric-outboard concept**.

With plans to roll out the first production models in the fall of 2022, Mercury designed the Avator concept to leverage the company's leadership in developing hydrodynamic designs, cutting-edge propellers, advanced controls and engines with exceptionally quiet and smooth operation.

Avator outboards will provide uncompromising reliability while combining outstanding performance with superior ease of operation and ownership. The Avator concept advances Mercury's commitment to sustainability by offering the prospect of boating with **zero direct emissions**. The concept also aims to make boating more accessible with features such as swappable batteries and enhanced portability.



Introduced in 2019, the Mercury 5hp Propane FourStroke outboard delivers no-hassle portability, reliability and convenience running on alternative clean-burning fuel — whether it's powering aluminum boats, jon boats, tenders, inflatables or sailboats.

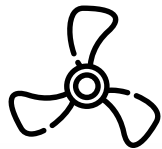


Innovative Mercury Avator electric outboards will begin hitting the market later in 2022 and in 2023.

- Mercury also continues to offer its **5hp propane-powered outboard engine**, which is kinder to the environment than its gasoline-powered counterparts. It produces 30% less HC+NOx emissions and 9% less CO<sub>2</sub>.
- The Mercury Racing division on Sept. 21 announced its partnership with a fledgling racing series that aims to bring **electric-powerplant, zero-emissions boat racing** to the masses. Mercury Racing will work with the E1 Series as its official propulsion and propeller partner to support the development of an electric powertrain for use in a planned E1 Series powerboat racing championship. This partnership aims to create the world's first electric powerboat racing championship sanctioned by the Union Internationale Motonautique (UIM).

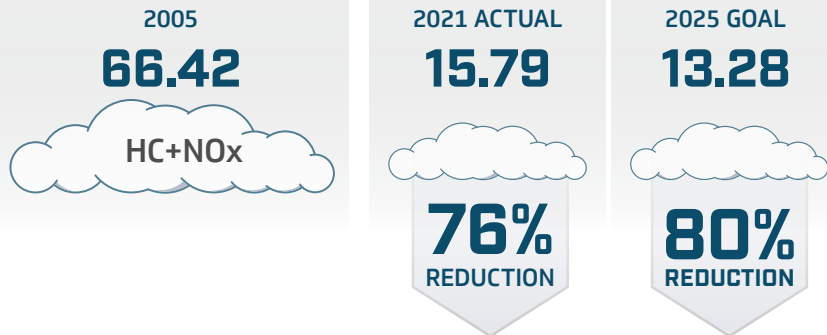


An artist's rendition depicts a tight E1 Series racing scenario. The Mercury Racing division is developing the electric engines that will power the racing boats.



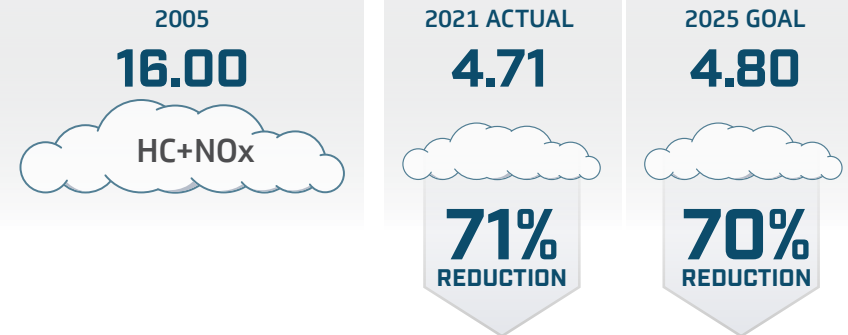
## REDUCTIONS IN PRODUCT EMISSIONS (HC+NOx)

### Decreases in outboard engine emissions in grams per kilowatt hour (g/kWh)



Data represents power-weighted emissions of outboard engines sold in the U.S.

### Decreases in sterndrive engine emissions in grams per kilowatt hour (g/kWh)



Data represents power-weighted emissions of sterndrive/inboard engines sold in the U.S.



# PEOPLE

## THE GOALS:

**Deadline: year-end 2025**

Engage 75% of employees in health assessment.

Engage 50% or more of employees in 10 hours of volunteer service per year.

Improve employee engagement survey results by 5 points.



## NEW AND ONGOING INITIATIVES

- Mercury’s **safety culture** is built on leadership commitment and employee engagement in an organization that places safety at the foundation of its success and considers safety a key to its sustainability. Throughout 2021, Mercury built upon its ongoing safety and health performance initiatives, leading to a 39% reduction in its recordable-incident rate, a 43% reduction in its DART rate, and a 39% reduction in its lost-time accidents rate over the past three years.

### These improvements at Mercury and other Brunswick Corporation companies led to a 2021 recordable incident rate that was the lowest in Brunswick’s history.

Mercury employees achieved and sustained these reductions during a period of unprecedented production growth and hiring at Mercury Wisconsin facilities. Even with all these operational priorities, employees at all levels reinforced their focus on the paramount importance of safety.

In an employee survey that covered a broad array of topics and was completed in November 2021, workers ranked the statement, “Safety is a high priority in our

company,” as the number-one response across the organization.

Mercury is continually working to reduce risks and enhance the safety and health of its workers. Notable projects have included the following: loading dock safety system updates; boat-launch safety improvements; vehicle/pedestrian interface, including redesign of walk aisles, crosswalks and traffic flow; safety-oriented signage; and installation of an I.D. card reading and reporting system for emergency evacuation processes.

- Mercury became certified as a **Point of Distribution (POD) site for COVID-19 vaccines** in Fond du Lac, which enabled the hosting of on-site vaccine clinics for employees. A total of 10 on-site vaccine events were held during 2021, with nearly 450 employees and their families participating. The company also offered **on-site flu shots** to employees in October.
- The employees at the Mercury plant in Ciudad Juárez, Mexico, organized their activities related to community outreach and social responsibility under a committee they call Mercury Heroes. In 2021, the committee spearheaded and/or oversaw several activities:

- In March 2021, the Juárez employees collaborated with the United Way of Chihuahua (the Mexican state in which Juárez is located) to donate **approximately MX\$100,000 (roughly US\$5,000) toward a community sink** to enhance hygiene for residents of the Tarahumara community in Juárez.
- Subsequently, the employees donated another **MX\$100,000 toward the establishment of a medical clinic** dedicated to providing fast, timely and free care for citizens presenting symptoms or otherwise suspecting that they may have a coronavirus infection.
- In August, the group rallied to collect and **donate food and cleaning supplies** to citizens of Veracruz affected by the devastation caused by Hurricane Grace.
- Juárez employees also made donations of MX\$100,000 each to a **children’s cancer-treatment center** and a cancer center for adults.
- Mercury facilities in Fond du Lac served as the launching site for the **Special Olympics truck convoy** for the second consecutive year in September 2021. The company provided its parking lot, facilities and volunteers to help with registration, pre-event announcements and the launch of a convoy of 111 big-rig trucks with Wisconsin State Patrol escorts. The event raised nearly \$100,000 in support of the Wisconsin Special Olympics.
- Employees supported the Fond du Lac community by participating in a United Way pledge drive in November 2021. The pandemic increased demand among members of the community for the types of services and programs provided by organizations that the United Way supports. Mercury and its employees stepped up with donations of more than \$62,000.



Mercury hosted 10 on-site COVID-19 vaccine clinics at its world headquarters for employees and their family members. More than 450 individuals received the vaccine.



More than 20 Mercury employees participated in the two-day Rock the Block Fond du Lac project, which focused on beautifying a low-income neighborhood.

- During the last weekend of August, groups of employees representing a cross-section of departments joined in the **Rock the Block Fond du Lac** effort, a partnership among **Habitat for Humanity** and several area organizations. This project aims to assist low-income residents, maintain home-ownership rates, improve the housing stock and increase neighborhood pride. Volunteers and staff worked to complete exterior home repair and preservation projects for low-income homeowners and community projects to improve and beautify the neighborhood surrounding the homes.



Mercury employees' 2021 installment of their annual Fill the Boat to Cast Out Hunger event raised more than 2,500 pounds of nonperishable food donations and a financial contribution of \$5,635.

More than 20 Mercury Marine employees participated in the two-day event, working on exterior home repairs, yard and street cleanup, landscaping and painting.

- In early September 2021, employees wrapped up a weeklong process of collecting nonperishable food and donating money to Fondy Food Pantry in a modified version of their annual **Fill the Boat to Cast Out Hunger** event. The effort resulted in the following donations:
  - Contribution of \$5,634.61 made via PayPal and cash donations at on-site collection points, and
  - Donation of packaged nonperishable food items collectively weighing 2,561 pounds, delivered on seven fully loaded pallets.

This year's event also included prizes going to donors whose names were randomly drawn. The coronavirus pandemic caused the cancellation of this event in 2020 and a curtailment of activities in 2021. Although the traditional employee cookout and related celebratory activities did not take place in 2021, employees rallied to provide donations toward Fondy Food Pantry's important work.

- In June 2021 Mercury employees **donated feminine-hygiene products to the Fond du Lac Area**



**Women's Fund**, which helps support young women in the Fond du Lac school district who lack access to these products or the funds to purchase them.

- Mercury employees participated in a live online **mental-health awareness training** in October 2021. The session helped employees learn about signs and symptoms of distress and effective ways of providing support for co-workers. The training also included exercises to help develop these skills.
- Mercury actively **promotes employees' professional and personal growth** with a variety of offerings, including the following:
  - Regular "Lunch 'n' Learn" sessions (virtual meetings in 2020 and 2021) on health, wellness, and environmental topics;
  - Regular online training sessions on various software platforms and other business skills;
  - Tuition reimbursement and continuing education credits for fields of study relating to the recipient's job;



Members of the Mercury senior leadership team hosted two panel events in July for co-ops and interns. These events gave co-ops and interns the opportunity to ask the senior leaders anything that was on their minds. The panelists shared career advice, development and critical relationship-building tips and even stories about the most embarrassing things they have done at work.

- LEAD (leadership, education and development) training for senior managers;
  - Manager-development training through Moraine Park Technical College;
  - Achieve program training for front-line supervisors;
  - Trade-related training (machining, cutting, grinding, electrician work, equipment maintenance, etc.) through Fox Valley Technical College;
  - Advice and counsel on career-building from senior executives to Mercury interns and co-op employees.
- ♦ Steady growth in the marine industry for more than a decade has created demand for more engine technicians and workers representing a broad spectrum of manufacturing trades. **Mercury is doing its part to prime the supply line of talented and trained workers** for years to come.
  - Mercury provides project leaders and mentors, as well as other resources, to the Fond du Lac STEM academy, which teaches science, technology, engineering, and math to middle school and high school students.
- Mercury maintains a close relationship with Moraine Park Technical College (MPTC) to train students in marine sciences and manufacturing trades. MPTC honored Mercury in 2020 with its **Employer of the Year Award** and its **Futuremakers Partner Award**.
  - Mercury also supports and participates in technical training for students throughout the Wisconsin Technical College system, including Fox Valley Technical College.
  - Mercury University is a program whereby Mercury provides an approved curriculum to boat-building schools and other marine technician training programs. Students may earn the Certified Mercury Technician and Certified Mercury Master Technician credentials, which are passports to fulfilling careers.
  - ♦ Mercury focuses on **ergonomics design**. The use of automation and assisted-lift technologies to address strenuous tasks has allowed Mercury to increase the diversity its workforce. **In the company's engine assembly operations, women make up 50% of the workers.**



More than half of the workers in the Mercury marine-engine assembly operation are women.



## ENGAGEMENT

### Steady year-over-year growth:



Enhancement of corporate Be Your Best Program to advance employees' professional and personal well-being.



Funds and donations of food and other items for charitable causes.



Employee participation in annual health screenings.



Employee volunteer-service hours.

# ENERGY

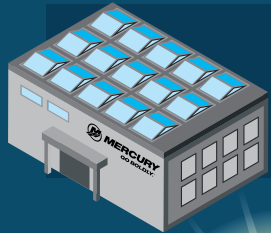
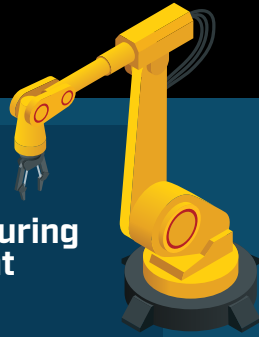


## Solar arrays

in Belgium and the U.S., with more coming.

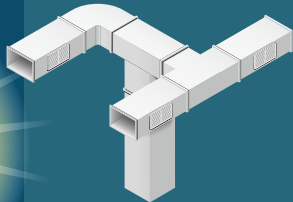
## Modern manufacturing equipment

saves energy.



## 50 skylights

added to Juarez facilities.



## Modern HVAC systems

conserve energy.

**1,500**

new LED lighting replacements in Fond du Lac.



## LED lights draw 85% less power

than incandescent lights.

New Indiana facility will meet **LEED** certification requirements.



Belgium employees use **electric cars** for corporate travel and **electric bikes** for commuting.

# ENVIRONMENT



Land 'N' Sea distribution center qualifies as **"Zero Waste to Landfill"** facility.



Fond du Lac facilities recycled **631 tons** of bailed cardboard, **621 tons** of loose cardboard and **153 tons** of other loose recyclables.



reused or recycled **830 tons** of scrap wood and pallets.



More than **300**

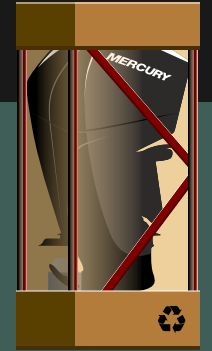
types of returnable packaging to move manufacturing components.

Juarez manufacturing facility increased total recycling by **20%**.

Suzhou, China, facility uses **leak-proof pallet bases, cofferdams and flooring materials.**



Facilities in Brazil recycle or reuse all packaging materials, the equivalent of saving **72** trees per year.



Mercury ships more than **50,000** engines in **returnable and reusable packaging.**



LED Lighting Fair saves employees **366,746 kWh** of electricity and a reduction in greenhouse-gas emissions equivalent to the operation of **54 cars each year.**

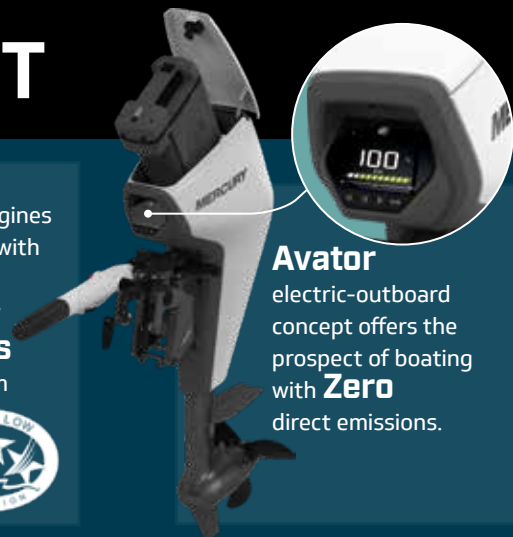


# PRODUCT



**V8 and V6** have lightweight design to reduce fuel consumption.

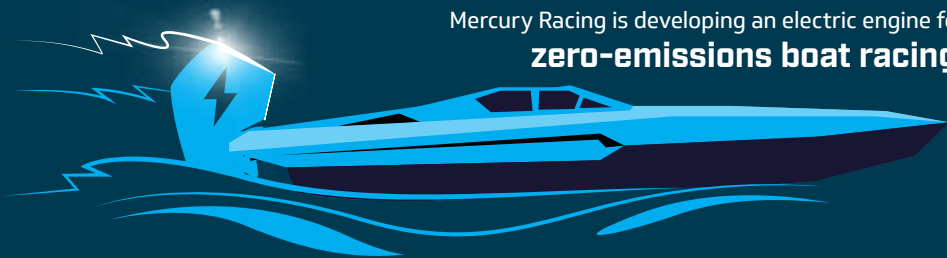
All Mercury four-stroke engines are compliant with three-star **Ultra Low Emissions** standards from CARB.



**Avator** electric-outboard concept offers the prospect of boating with **Zero** direct emissions.

Mercury engineers the **industry's quietest outboards** in their class.

Mercury Racing is developing an electric engine for **zero-emissions boat racing.**



V12 600hp Verado outboard delivers **20% better fuel economy** at cruise.



**V12 Verado** outboard fuel-saving features include two-speed transmission, unique propeller design and sophisticated fuel-management system.

# PEOPLE

Approximately **3,000** technicians in Mercury training programs.



**50%** of assembly workers are women.



More than **20** employees volunteer at Habitat for Humanity project.



Safety: **39%** reduction in recordable-incident rate.

Hosts of **Special Olympics** Truck Convoy



**Mental-health awareness training** provided to employees.



Numerous opportunities to **advance professional and personal growth** provided.



**Donations** of feminine-hygiene products.



**Cash contributions** and **2,561** pounds of food donated to Fond du Lac food pantry.

Juarez employees make **financial contributions** to a community sink, a medical clinic and two cancer treatment centers.



**450** on-site COVID-19 vaccinations administered to employees and family members. **+ On-site flu shots provided.**

