



ESG REPORT

About This Report

Energy Recovery's ("we", "our", "Energy Recovery" or "the Company") inaugural Environmental, Social, and Governance ("ESG") report describes our ESG efforts and performance for our Fiscal Year 2019 from January 1, 2019 to December 31, 2019 and includes all Company operations worldwide, unless otherwise noted. We have also incorporated select examples of our ESG efforts to date in 2020; these include a discussion of Energy Recovery's efforts in response to the COVID-19 pandemic.

This report outlines our multi-pronged approach to enhance the sustainability of Energy Recovery and our customers' operations related to the production of critical resources such as water and oil & gas. Included throughout this report are disclosures containing relevant, industry-specific data and information aligned with the Sustainability Accounting Standards Board ("SASB") framework. We have also included select disclosures aligned with the Global Reporting Initiative ("GRI") framework.

Content within this report should not be considered a substitute for financially material information provided in Energy Recovery's SEC filings including, but not limited to, our form 10-K and form 10-Q.

For questions about this report, please contact ESG@energyrecovery.com.

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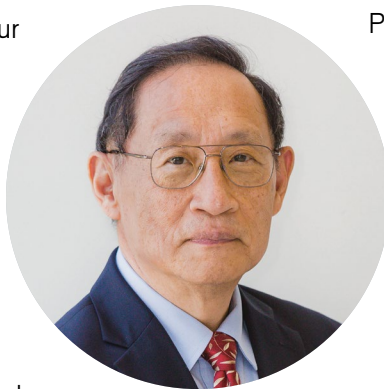
Pg. 43 GRI



Dear Fellow Stakeholders,

I am pleased to share our inaugural Environmental, Social, and Governance report. While our business has always been aligned with sustainability issues such as addressing global water scarcity and improving access to affordable and clean energy, our ESG report reflects our commitment to continuous improvement as we strive to become a more sustainable and resilient business. As this report demonstrates, there is much for us to be proud of, and we have line of sight to areas where additional progress can be made.

The initial drive to build our ESG program was based on business growth as well as input from many of you, our key stakeholders. The global pandemic and the ongoing dialogue regarding race-based injustice has only underscored the urgency of considering ESG issues in how we do business. While I cannot claim to have all the answers in these matters, equality and diversity are cornerstones of Energy Recovery's business ethics. We firmly believe that different perspectives lead to better outcomes, the results of which I see in our work each and every day. These values will continue to guide our business – from our Board of Directors (the “Board”) to our leadership team and across the rest of our workforce.



The pursuit of more efficient, sustainable operations and customer solutions has been core to our DNA since our founding more than 20 years ago. We started with the invention of an energy recovery device (“ERD”), the PX[®]

Pressure Exchanger[®] (“PX”), that delivers up to 60% energy savings and up to 98% efficiency for seawater reverse osmosis (“SWRO”) desalination plants.¹ A historically energy-intensive form of water production, this breakthrough revolutionized SWRO and helped to drive significant adoption. Last year we reached an important milestone of shipping our 20,000th PX.

“*The pursuit of more efficient, sustainable operations and customer solutions is core to our DNA.*”

¹Based on Energy Recovery testing

We are proud of the impact our technology has in making desalination more efficient and sustainable, particularly as our world confronts growing water scarcity. The United Nations expects the world will have only 60% of the potable water we need by 2030, and I believe affordable desalination is critical to ensure that demand can be met for people around the world.

Today, Energy Recovery is working to develop new applications of our technology where we can drive energy and operational efficiencies in high-pressure fluid-flow environments. Our approach is principally to leverage the technology that powers the PX product, what we refer to as pressure exchanger technology, and apply it to other vertical markets such as oil & gas. As our business expands along with the install base of our pressure exchangers, there could not be a more appropriate time to launch our first ESG report.

As we move forward with broad support at the Board level and throughout the organization, we are focused on two key elements: increasing global sustainability and enhancing our ESG program. We intend to support global sustainability through the continued development of industrial fluid-flow solutions, enabling customers to process and produce critical resources like water more efficiently while reducing CO₂ emissions and other external impacts. In parallel, we will bolster our ESG program by improving our transparency around key sustainability risks and opportunities. To guide our journey forward, we have aligned ourselves with the United Nations Sustainable Development Goals, a framework of global commitments to create a fairer and more sustainable world by 2030. Specifically, we have identified three SDGs with which our vision, products and operations best align: Clean Water and Sanitation (SDG 6), Affordable and Clean Energy (SDG 7), and Industry, Innovation and Infrastructure (SDG 9).

This approach can help us achieve the ultimate goal of integrating specific ESG principles into our corporate strategy and balancing long-term growth with strong governance, responsible business policies and practices, and positive environmental impact.

Energy Recovery is committed to leading our peers in sustainability transparency and disclosure. This inaugural report, which uses the SASB framework and select disclosures under the GRI framework, establishes where we stand today and provides a baseline for future progress. Moving forward, our annual ESG report will give stakeholders updates on our programs, policies, and initiatives, and an evaluation of key ESG risks and opportunities. As we further develop our ESG program, we plan to undertake a goal setting process to establish targets and key performance indicators for select topics, in addition to evaluating opportunities to increase our level of disclosure and reporting depth.

We look forward to your input, collaboration, and support as we continue along this journey.

Sincerely,



Robert Mao

*Chairman of the Board, President,
and Chief Executive Officer of Energy Recovery*



Our Approach to ESG



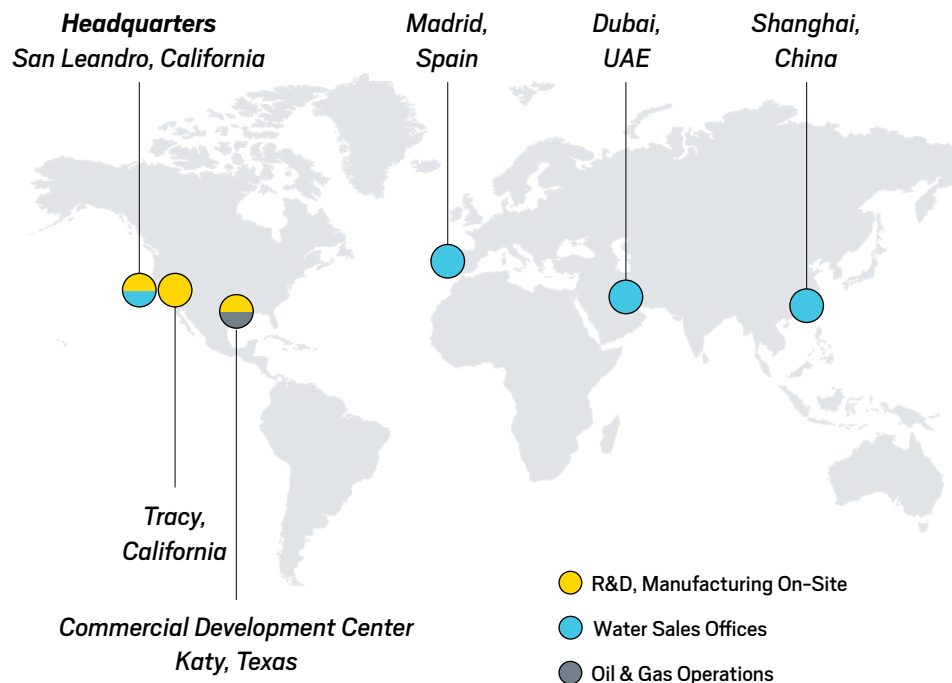
Energy Recovery at a Glance

788 Full-Time
Employees

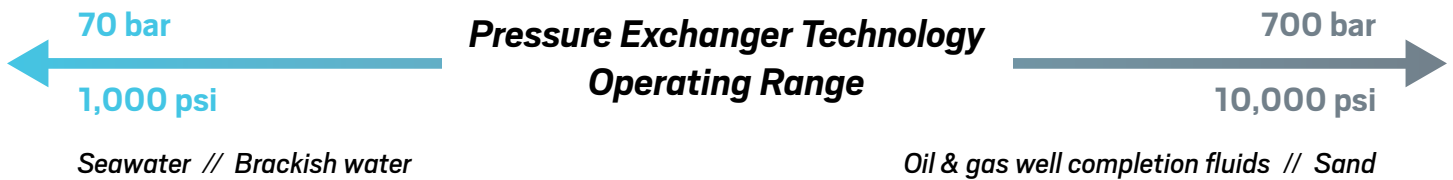
\$86.9M 2019
Revenue

For more than 20 years, Energy Recovery has created technologies that solve complex challenges in industrial fluid-flow markets. We design and manufacture solutions that reduce waste, improve operational efficiency, and reduce the production costs of clean water. What began as a game-changing invention for water desalination has grown into a global business delivering solutions that enable more affordable access to critical resources.

The widespread adoption of our ERDs in SWRO facilities of all sizes has enabled more affordable access to clean water by reducing the energy needs and cost of SWRO, in turn reducing reliance on more expensive incumbent solutions such as thermal desalination.



Pressure Exchanger Technology Platform



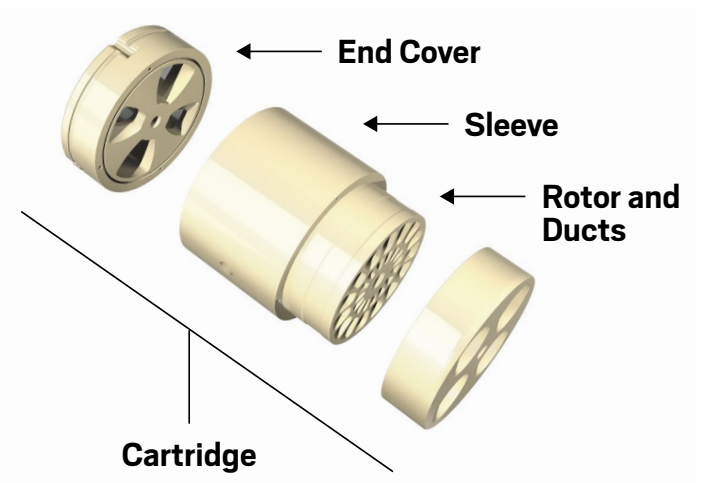
Energy Recovery’s flagship technology is the pressure exchanger. This unique technology acts as a fluid piston, transferring energy between high-pressure and low-pressure fluids through continuously rotating ducts. When we apply pressure exchanger technology to industrial fluid-flow systems, we drive significant benefits:

- **Decreased Energy Use**
- **Reduced Operating Costs**
- **Fewer Emissions**

The PX Pressure Exchanger for SWRO was the initial product application of our pressure exchanger technology platform, and we are building upon this platform to develop novel solutions for other industries. To learn more about pressure exchanger technology, please visit [our website](#).

Anatomy of a Pressure Exchanger

Transfers energy with only one moving part (the rotor)



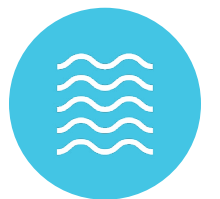

Industries Served



Water



Oil & Gas

Industry	Markets	Customer Type	Key Benefits Provided
	<ul style="list-style-type: none"> → Greenfield → Retrofit (or Brownfield) → Technology Conversion → Service & Aftermarket 	<ul style="list-style-type: none"> → Major International EPC¹ Firms → Desalination OEMs² → Plant Owners and/or Operators 	<ul style="list-style-type: none"> → Reduced Costs → Less Energy Consumption → Fewer Emissions
	<ul style="list-style-type: none"> → Upstream Sector → Midstream and Downstream Sectors 	<ul style="list-style-type: none"> → Oilfield Service Companies → Gas Processing and Pipeline Operators 	<ul style="list-style-type: none"> → Reduced Costs → Less Redundant Equipment → Fewer Emissions

¹Engineering, Procurement, and Construction; ²Original Equipment Manufacturer

Sustainability Snapshot

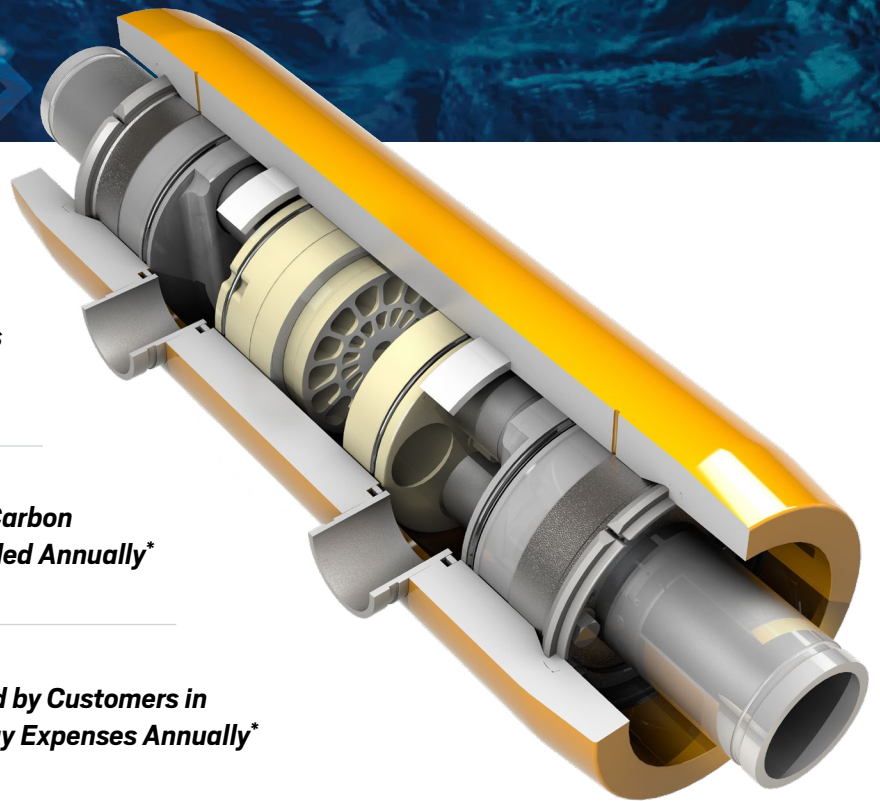


Water

>20K Energy Recovery Devices
Installed Worldwide*

12.4M Metric Tons of Carbon
Emissions Avoided Annually*

\$2B Saved by Customers in
Energy Expenses Annually*



Our flagship **PX[®] Pressure Exchanger[®]** recycles energy within an SWRO system, lowering energy consumption by up to 60% and reducing the size of high-pressure pumps needed to power the system. Designed with only one moving part using highly engineered alumina ceramic, the PX delivers efficiencies of up to 98%.

Our PXs help avoid approximately 12.4 million metric tons of carbon emissions per year, which equates to removing more than 2.5 million passenger vehicles from the road each year.¹ Additionally, our solutions save our desalination customers approximately \$2 billion annually in energy expenses.

*Energy Recovery estimates, assumes all deployed devices are in operation; ¹Environmental Protection Agency Greenhouse Gas Equivalencies Calculator

Sustainability Snapshot



Oil & Gas

Our in-development **VorTeq™** technology can increase the longevity of equipment used in well completion operations by keeping abrasive proppants away from high-pressure pumps, helping to reduce maintenance costs, damage to equipment and operational downtime. In turn, this can indirectly lower emissions associated with oil & gas production, as longer lasting equipment can reduce energy-intensive activity associated with the manufacturing and transportation of spare parts and redundant equipment.

Reducing equipment breakdown can also improve safety on job sites by reducing the exposure of repair personnel to an active worksite. The heart of the VorTeq is a tungsten carbide pressure exchanger, which is approximately 1,000 times more resistant to abrasion than steel.



Customer Spotlight

The Taweelah Reverse Osmosis Independent Water Project (“Taweelah”) and the Minjur Desalination Plant (“Minjur”), highlighted on the following page, are two examples of how our products can lead to a more sustainable future.

Taweelah – The World’s Largest Seawater Reverse Osmosis Desalination Facility

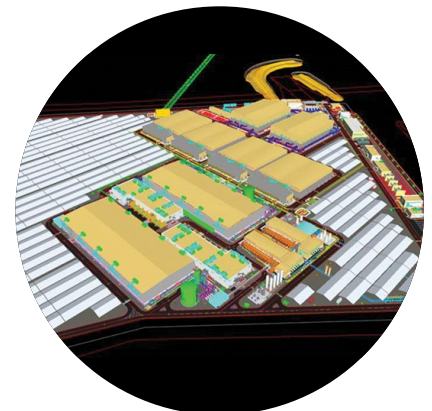


In March 2020, we announced a multi-million dollar award to supply our PXs and related services and equipment to Taweelah, the largest contract in our history. Upon completion, Taweelah, located in Abu Dhabi, will be the largest SWRO facility in the world, with a capacity of 909,200 cubic meters (“m³”) daily, 44% larger than the world’s current largest SWRO facility. The facility, which is expected to begin operations in late 2022, will support industry and the general public, playing a critical role in meeting Abu Dhabi’s peak water demand, now projected to rise by 11% between 2017 and 2024.¹

Taweelah is also expected to break efficiency records with record low energy consumption per cubic meter of water produced.

Supporting the facility’s efficient use of energy, our PXs are expected to recycle hydraulic energy equivalent to over 900 gigawatt hours of energy annually, preventing approximately 550,000 metric tons of annual carbon emissions – equivalent to removing over 100,000 passenger vehicles from the road each year.²

Compared to the nearby Taweelah power and thermal desalination plant, built in phases between 1985 and 2002, we estimate the Taweelah SWRO facility will deliver water at less than half the contracted cost of the original thermal plant. Taweelah operator and co-owner ACWA Power provided the below facility rendering. For more on this project, please see this [press release](#).



¹ACWA Power; ²Environmental Protection Agency Greenhouse Gas Equivalencies Calculator

PX Technology Drives Efficiencies for the Minjur Plant



As one of the most populous metropolitan areas in India, Chennai's citizens desired a more sustainable and dependable source of water to meet growing demand. Located near the town of Minjur, just north of Chennai, the Minjur facility began producing water in 2009.



The plant processes 237 million liters and supplies 100,000 m³ of potable water daily, augmenting the region's current water supply and facilitating increased access to clean drinking water for low income residents.

In 2007, the water governing body of Chennai – the Metropolitan Water Supply and Sewerage Board (“CMWSSB”) – contracted Befesa Construcción y Tecnología Ambiental (“Befesa”) to begin construction on what would become Chennai's largest desalination plant. In an effort to provide an economically viable water source and uphold environmental standards, Befesa chose our PXs for the plant. Energy Recovery's devices were selected for their high efficiency, low overall lifecycle cost, reliability, and Energy Recovery's credibility within the industry and commitment to customer service.

With our PXs enabling the Chennai plant to produce drinking water at just over \$1 per 1,000 liters, fresh water now reaches approximately 2,000 people and helps to alleviate challenges posed by previous water shortages and high access costs. For more on this project, please see this [report](#).



Employee Spotlight // David Kim-Hak

Director, Product Management
Years with Energy Recovery: 2

San Leandro, CA

David was an Energy Recovery customer prior to joining the Company and was drawn to Energy Recovery for its ingenuity and leadership in desalination solutions. Now, in his role as a director of product management within Energy Recovery's water division, he is enthusiastic about bringing products to market that are advancing the industry.



“Energy Recovery desalination solutions are a win-win for customers in terms of cost saving and environmental benefits. The technology pays for itself in a short amount of time.”

Stakeholder Engagement and Assessment of ESG Topics



We maintain relationships with stakeholders that may influence our business operations and approach to ESG, including shareholders, research and investment analysts, employees, customers, suppliers, ESG rating agencies, proxy advisors, industry associations, and communities.

The diverse perspectives gathered through ongoing constructive communication with key stakeholders help us identify relevant sustainability risks and opportunities and prioritize key ESG disclosures and initiatives.

While most stakeholder engagement takes place in the normal course of business, we also perform more formal research, including analyses of industry best practices and periodic shareholder and employee perception audits through third-party administered interviews. Findings and feedback from shareholder and employee perception audits were used in guiding our assessment of ESG disclosure areas to address in this inaugural report.



Our employees maintain memberships to multiple desalination industry associations, enhancing our ability to proactively identify and address relevant industry-specific risks and issues that may arise.



In addition to perception audits, industry association memberships provide another avenue for Energy Recovery to voice its opinion on key topics pertaining to sustainability. We remain committed to supporting our employees' involvement in these associations.

Beyond stakeholder engagement, best-practice research and guidance from the SASB and GRI frameworks, as well as the United Nations Sustainable Development Goals, guide our identification and evaluation of the Company's key ESG topics.

We have identified ESG-related risks from the perspectives of supply chain, corporate governance, and climate change,

including water scarcity, and have begun to identify opportunities to enhance the sustainability of our Company and support a more sustainable future.

As we further develop our ESG program, we plan to undertake a goal setting process to establish targets and key performance indicators for select topics, in addition to evaluating opportunities to increase our level of disclosure and reporting depth.



Disclosures

Guided by SASB and GRI

We prepared this report in accordance with standards established by SASB for our specific industry, as well as select additional standards from the GRI framework to guide the evaluation of our performance within widely accepted reporting frameworks. Leveraging these frameworks, we set out to clearly communicate our ESG risks and opportunities to the financial community and stakeholders in a way that enhances transparency and long-term decision-making.

Under SASB's Resource Transformation sector, Energy Recovery has been assigned to the Industrial Machinery & Goods industry designation, and this report follows the Industrial Machinery & Goods Sustainability Accounting Standard, which identifies metrics and sustainability topics that SASB considers material to companies in this sector. We also included select relevant disclosures from SASB's Electronic & Electrical Equipment Sustainability Accounting Standard, which falls under the Resource Transformation umbrella. Detailed disclosures can be found in the SASB index on [page 41](#) of this report.

Furthermore, this ESG report was created with reference to select standards from the GRI framework. Detailed disclosures can be found in the GRI index on [page 43](#) of this report.

Disclosures under these frameworks are related to Energy Recovery's sustainability performance in 2019 and include all Company operations worldwide, unless otherwise noted.



Creating Solutions with Global Impact



Alignment with United Nations Sustainable Development Goals

The United Nations SDGs provide a holistic and ambitious roadmap for governments, businesses, and civil society to work together to address a multitude of global challenges including poverty, inequality, climate change, environmental degradation, and peace and justice.

Given our global involvement in the production of clean water and our focus on developing technologies to improve efficiency and prevent emissions associated with industrial fluid-flow systems, we play a role in advancing certain SDGs. We have

identified the following three SDGs with which we believe our vision, products, and operations best align.

- **SDG 6 – Clean Water and Sanitation**
- **SDG 7 – Affordable and Clean Energy**
- **SDG 9 – Industry, Innovation and Infrastructure**

We believe alignment with these SDGs will guide us in maximizing our role in the larger global effort towards a more sustainable future.



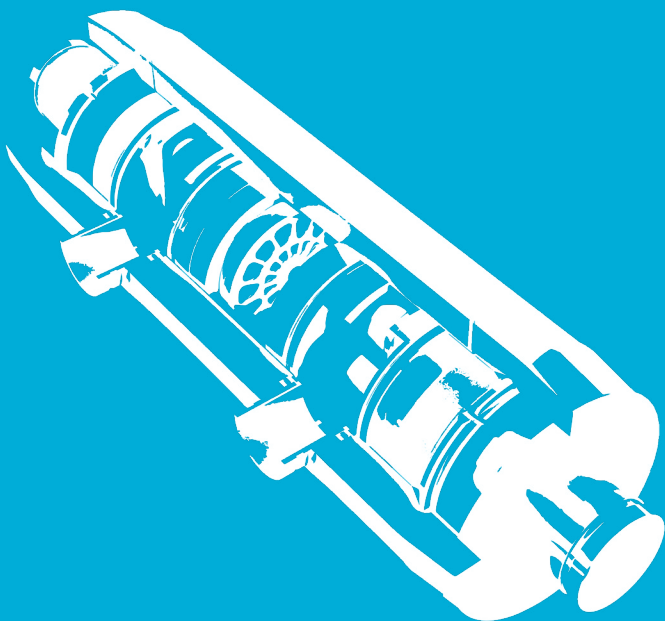
6 CLEAN WATER AND SANITATION



Our commitment to SDG 6 focuses on three targets where Energy Recovery is positioned to create a sustainable and scalable impact

SDG 6 Targets

- ✓ **6.1** “By 2030, achieve universal and equitable access to safe and affordable drinking water for all”
- ✓ **6.4** “By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity”
- ✓ **6.A** “By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies”



As the global demand for water continues to grow due to factors including climate change and population growth, our water solutions can help mitigate potential consequences associated with the United Nations prediction that most countries are unlikely to fully implement integrated water resources management by 2030.

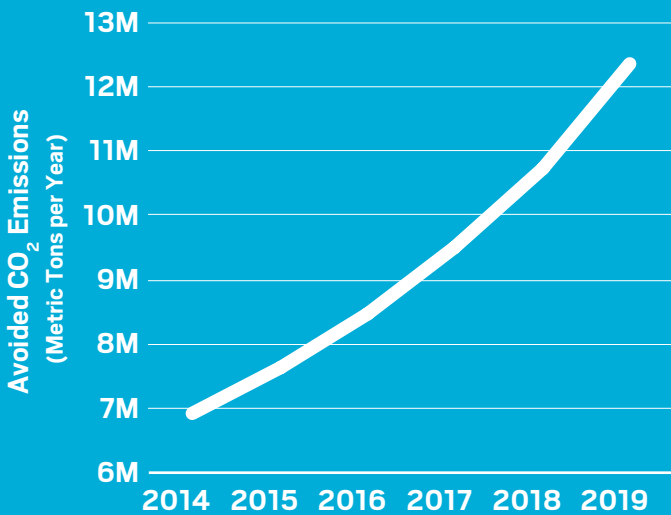
More specifically, our products directly support positive change in the water industry. Our energy recovery devices, including our flagship PX, increase efficiencies for water desalination facilities and directly reduce the associated overall cost and CO₂ emissions. Beyond this direct impact to the facilities we serve, our PX has improved the cost and efficiency of SWRO by such a large margin that we are now observing the replacement of thermal desalination facilities – historically the dominant desalination technology – with SWRO technology.

6 CLEAN WATER AND SANITATION



Energy Recovery contributes to reducing water scarcity and promotes more affordable access to clean water

5 Year Growth in Avoided Emissions Due to the PX



By decreasing water production costs by approximately \$2 billion annually, we contribute to reducing water scarcity and promoting more affordable access to clean water.

Deployment of our PXs prevented approximately 12.4 million metric tons of carbon emissions in 2019, equivalent to removing more than 2.5 million passenger vehicles from the road, further supporting the SDGs.

Our solutions are utilized around the world, including in the Middle East, Asia, Europe, Africa and the Americas, to address water scarcity and facilitate access to clean and affordable water for millions of people.

7 AFFORDABLE AND CLEAN ENERGY



Our commitment to SDG 7 focuses on two targets where Energy Recovery is positioned to create a sustainable and scalable impact

SDG 7 Targets

- ✓
7.1
"By 2030, ensure universal access to affordable, reliable and modern energy services"

- ✓
7.3
"By 2030, double the global rate of improvement in energy efficiency"



Our products aim to reduce emissions and waste related to the production of vital resources through improved productivity, increased efficiency, and reduced energy consumption.

The VorTeq utilizes our pressure exchanger technology as a pump and is designed to protect high-pressure pumps from erosion and damage. This can reduce operational downtime resulting from equipment failure, ultimately conserving material resources, emissions, time, and costs. Currently in the late stages of research and development, we are focused on advancing the VorTeq to commercialization.

As we seek to incubate new industrial fluid-flow solutions, we have invested in talent with a wide range of material science and mechanical engineering expertise. This expertise positions us to develop products that can help create a more sustainable future.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

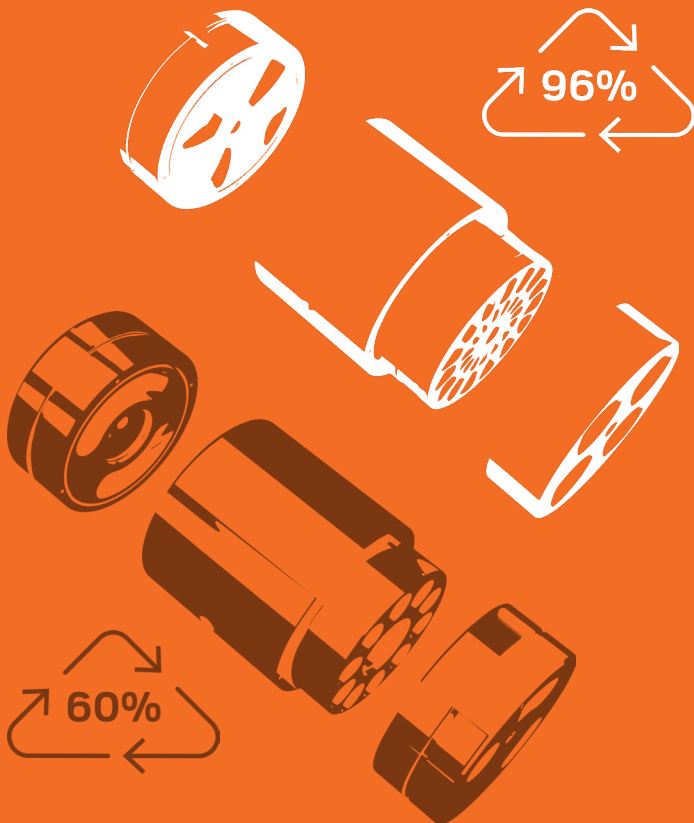


Our commitment to SDG 9 focuses on two targets where Energy Recovery is positioned to create a sustainable and scalable impact

SDG 9 Targets

- ✓
9.2
“Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries”

- ✓
9.4
“By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities”



Our products and solutions help build more resilient infrastructure and advance sustainable industrialization by enabling energy and cost-efficient production processes.

We take a sustainable approach to research and product development. Many of our manufactured products utilize reclaimed materials. In 2019, 96% of PXs shipped to customers contained components made from recycled materials. Additionally, up to 60% of the raw tungsten used in our tungsten carbide pressure exchangers is recycled.

We make our products with longevity and quality in mind, in turn leading to a long product life with minimized waste. Our PX is designed for a 25 year life with no scheduled maintenance.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Driven by a culture of ingenuity, we are using our proven pressure exchanger technology to build new solutions with the ability to revolutionize mature industries and optimize how high-pressure fluid flows are managed.

>5x increase in
*R&D headcount**

Beyond water, we are well-positioned to apply our technology to markets such as oil & gas and continue to invest in research and development to bring sustainable and efficient products to market.

127% increase
*in manufacturing headcount**

Employee Spotlight // James Vazquez

Systems Integration Engineer
Years with Energy Recovery: 1

 Katy, TX

What James Vazquez enjoys most about his role as a systems integration engineer with Energy Recovery is being part of a team that fosters and encourages new ideas, while developing exciting new technologies, such as the VorTeg, that can redefine how critical resources are produced.



“Energy Recovery is focused on the future and on track to improve the oil & gas hydraulic fracturing process that has existed for years. Ultimately, we’re enabling more affordable and equitable energy access.”

How We Do Business



Talent and Culture

We believe in doing business the right way. This means investing in our talent and culture, ensuring the health, safety, and well-being of our employees and workplaces, and supporting the communities in which we operate and live.

Our position as a global leader in pressure energy technology is due to the talent and know-how of our employees, and we prioritize sourcing, attracting, and retaining the best talent.

We are confident that great, diverse talent translates into our ability to continuously challenge the status quo and create innovative solutions to enhance cost savings and efficiencies for our customers. Investment in talent ultimately fuels the innovations that we believe contribute to achievement of the SDGs and increased global sustainability. For these reasons, we are committed to fostering a diverse workforce.

Supported by frequent internal communications, our culture of teamwork, integrity, and ingenuity make Energy Recovery a company at which our approximately 200 employees around the world are excited to work.

We take pride in our strong employee retention rate, which we believe speaks directly to our focus on company culture. In 2019, voluntary turnover decreased 18.4% year-over-year.



Our ability to retain 93% of employees in 2019 with 38% headcount growth is a testament to the commitment we have to our employees and the support provided to them in their professional development. We focus on empowering and enabling our team to continually improve, in turn improving our customers' experiences and driving development of high-impact solutions.


Health, Safety and Wellness

Ensuring the health, safety, and well-being of our employees is critical to Energy Recovery. We are focused on elevating and strengthening both our formal safety program and safety culture, as well as ensuring compliance with all local laws and regulations. Our 2019 total recordable incident rate ("TRIR") was 7.13 with 0 fatalities. We made significant investments to enhance our safety program in 2019 and were well-positioned to safely tackle the challenges posed by the COVID-19 pandemic. Through thoughtful planning and careful execution by our team, we were able to resume limited operations after a two-week shutdown, while maintaining employee health and safety as our top priority. We have implemented strict protocols for the safety of employees who must work on-site, including masks and gloves, regular disinfections of the facilities throughout the day and between shifts, as well as weekly COVID-19 testing.

To ensure the safety of our workplaces and employees, multiple departments throughout the Company, including Manufacturing, Human Resources, and Quality, Health, Safety, and Environment ("QHSE"), are responsible for implementing, operating, and overseeing our Injury and Illness Prevention Program. To further strengthen our occupational health and safety program, we have committed to implementing and certifying the Company to the ISO 45001 standard, an internationally recognized safety management system.

Employee Spotlight // Vicky Lopez-Feliu

Sales Manager, Spain & Portugal
Years with Energy Recovery: 8

 Sitges, Spain

Vicky Lopez-Feliu is an Energy Recovery sales manager for Spain and Portugal, working with team members across several continents. Despite being geographically dispersed, her team enjoys a close and supportive culture and works together to deliver exceptional, localized service to Energy Recovery customers across the world.



“

Having a globally diverse team enables us to effectively work across regions and cultures and offer the best possible service anywhere our customers are located.

”



Additionally, we have implemented a hazard communications plan (guided by California's Hazard Communication Regulation T8 CCR 5194) to further enhance employee health and safety. Within this plan, the QHSE manager or their representative takes on additional responsibility to serve as a communications manager, providing information about existing hazards in the workplace and controls in place to mitigate them. We also strongly encourage employees to report hazards and have a Stop Work Authority program, which empowers any employee to stop work if they identify an unsafe condition. Employee reports of potential hazards are reviewed by the QHSE department and corrective action is taken, where applicable, to ensure the use of best management practices and a safe work environment.

Along with our commitment to creating safe and healthy workplaces for our people, we encourage and fully support safe and healthy lifestyles, both inside and outside the

office. In addition to generous paid time off programs, we provide employees with either access to an on-site gym or gym memberships, and to fitness, yoga, and meditation classes, which continue to be offered via video conferencing for employees working from home due to COVID-19 restrictions. We also offer complementary healthy lunch options to employees at all physical work sites.

Further information regarding our metrics used to track health and safety and ensure a safe work environment can be found in the SASB index on [page 41](#).



Our Communities

At Energy Recovery, we are committed to the well-being of our communities, locally and globally. We strive to lead by example through various charitable efforts to support local organizations and community priorities.

Most recently, we organized a Company effort to support COVID-19 relief by establishing an employee donation program supported by a Company match of up to \$20,000. Our donation program and match were also open to our industry partners. Contributions were made to Meals on Wheels, Water.org, and Global Giving.

Additionally, we were in the fortunate position of having a surplus of face masks in our manufacturing facilities, which allowed us to donate masks to support medical staff at San Leandro Hospital in San Leandro, California and Memorial Hermann in Houston, Texas.

In 2019, we partnered with the San Leandro Boys & Girls Club, an organization aimed at supporting community youth to ensure they realize their full potential and become productive citizens.

In addition to providing financial support, our team member Jian Chai, Senior Director of Corporate Development, sits on the associate board and plays an active role in

Instagram Thank You from Meals on Wheels



the organization. Over the past few years, we have also contributed to fire relief during California's devastating wildfires via contributions to United Way.

More details on our corporate giving program are available on [our website](#).

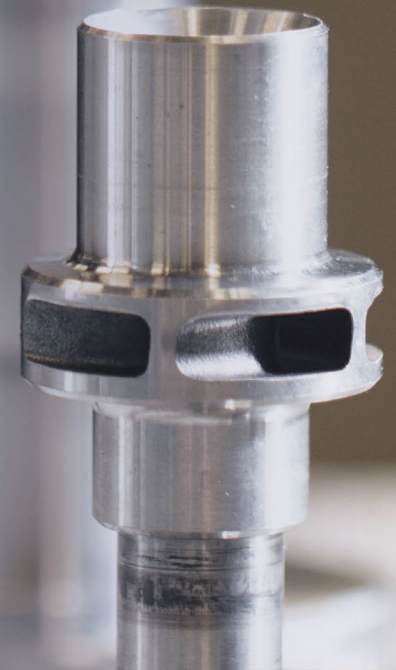
Community Organization Partnerships



Meals on Wheels
OF ALAMEDA COUNTY



Supply Chain and Critical Materials



As a manufacturer of industrial equipment, we procure parts, components, and raw materials from suppliers around the world. We carefully ensure our manufacturing is conducted – and our raw materials sourced – in a responsible manner.

Across our supply chain, our [Code of Business Conduct and Ethics](#) governs all of our interactions, including those with suppliers, and outlines our commitment to all applicable laws and regulations, including the Foreign Corrupt Practices Act (“FCPA”). Additionally, we provide annual FCPA training to all employees with external-facing responsibilities.

We conduct product and process audits to qualify and monitor our suppliers, and to ensure that all materials received meet our standards, specifications, and expectations of quality. This process is managed according to the ISO 9001 standard, to which we have been certified since 2014.

Our bestselling product, the PX, is largely made of ceramic. Variants of our flagship model, the PX Q300, have been certified to the NSF 61 standard by an accredited certification body, indicating the product’s suitability for use in potable water production.

Within our supply chain, we rely on a limited number of suppliers for vessel housings, stainless steel ports, and alumina powder for our portfolio of PXs, tungsten carbide for our VorTeq pressure exchangers, and stainless steel castings and components for our turbochargers and pumps. Our reliance on a limited number of manufacturers for these supplies poses several risks, including reduced control over delivery schedules, quality assurance, manufacturing yields, production costs, and lack of guaranteed production capacity or product supply. We do not currently have long-term supply agreements with these suppliers but secure these supplies on a purchase order basis.

To mitigate these risks, as well as the risk of potential geopolitical or trade disruptions in key regions of supply including China and India, we are reviewing the supply chain network, requesting certain major suppliers to decentralize their sourcing, and actively evaluating and qualifying secondary suppliers.



Our supply chain framework classifies suppliers into three distinct groups: critical, engaging, and active. For critical suppliers – those that represent a large percentage of purchase volume or are unique in their supplied product or services – we have an active process underway to achieve redundancy in the event of a supply disruption via alternative suppliers or alternative design construction. Wherever possible, we seek to reduce our reliance on critical materials to minimize the risk of supply disruption.

Additionally, in recent years we have successfully reduced our reliance on outsourced manufacturing through a focus on vertical integration. While we still rely on external suppliers for certain materials, including alumina powder, the most critical components for our pressure exchangers are manufactured in-house. We continue to strengthen our in-house manufacturing capabilities in order to meet growing demand, including adding a new production facility in Tracy, California in 2020. While this facility will primarily provide additional manufacturing capacity to meet demand, it also serves as critical redundancy in the event of an issue in our primary San Leandro, California manufacturing facility.

Moreover, we have taken steps to minimize potential disruption to manufacturing if supply shortages were to arise. According to the U.S. Geological Survey, the raw materials used in the manufacture of our products are currently available in many regions of the world. This includes alumina powder, the raw material used to manufacture our PXs. In the case of supply shortages of alumina powder, we can leverage external supplier relationships developed in the sourcing of fabricated alumina for our smaller-sized pressure exchangers. Furthermore, we have in place external redundancy for key production functions that take place in-house.

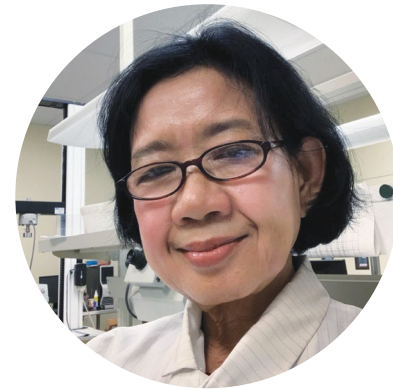
Employee Spotlight // Grace Khin

Ceramics Lab Technician

San Leandro, CA

Years with Energy Recovery: 7

A chemist by training, Grace plays a critical role in ensuring production and quality standards are consistently upheld. She tests material at various manufacturing points for material properties, allowing Energy Recovery personnel to precisely calibrate equipment and processes and thereby minimize waste in production.



“Our customers trust that an Energy Recovery product equals quality, and I am proud to play my part in delivering the best for customers.”



Supplier Vetting Process and Conflict Minerals

Energy Recovery's supplier vetting process includes evaluating suppliers' performance and conducting an on-site audit to ensure ethical treatment of their employees, including the absence of child labor.

Some of our products contain tin and tungsten, classified by the U.S. government as minerals that can be found in the Democratic Republic of the Congo ("DRC") and adjoining countries. Energy Recovery supports the goal of the Dodd-Frank Act of preventing armed groups in the DRC and adjoining countries from benefitting from the sourcing of conflict minerals in that region.

To prevent the use of conflict minerals in our products, we conduct country of origin inquiries and programmatically perform due diligence on the source and chain of custody for conflict minerals. Additional information on these efforts can be found in our [Conflict Minerals Report](#).

We also outline the following expectations of our suppliers in our Conflict Minerals Sourcing Policy:

- Suppliers should not include in any products sold to Energy Recovery any conflict minerals that are not DRC Conflict-Free.
- Suppliers should develop conflict minerals policies, due diligence frameworks, and management systems that are designed to prevent conflict minerals that are not DRC Conflict-Free from being included in the products sold to Energy Recovery.
- Energy Recovery's suppliers are expected to source conflict minerals only from sources that are DRC Conflict-Free. Based on our purchasing policy and supplier selection process, it is considered unlikely that any conflict minerals are used in the manufacture of our products.

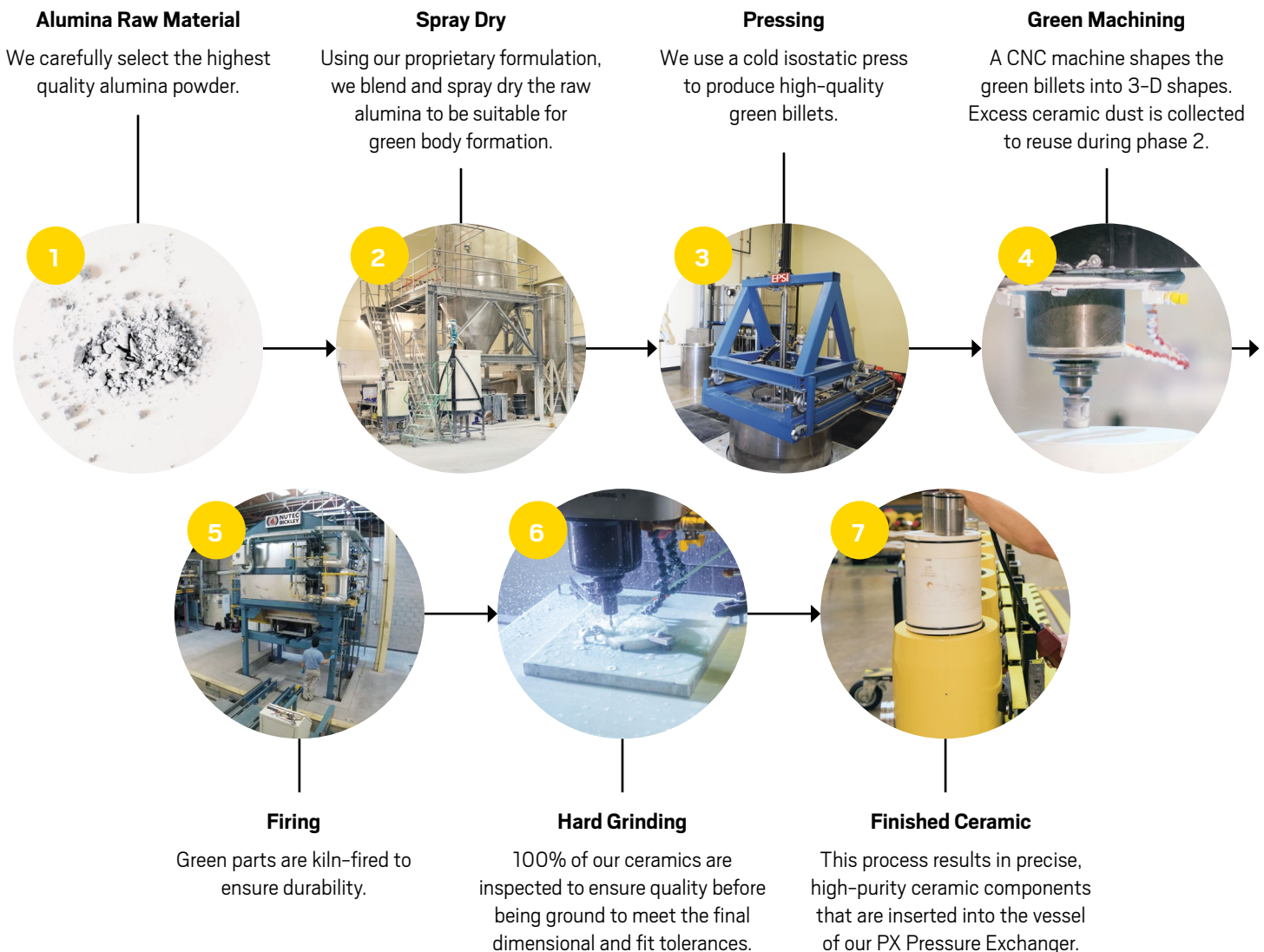
Further information on Energy Recovery's policy regarding conflict minerals can be found in our [Supply Chain Conflict Minerals Policy Statement](#).

Striving for Efficient Operations

As a leader within the desalination industry, we understand how precious water is to our world, so we work hard to conserve water in our own operations. We use closed loop test systems in the majority of our research and development operations, allowing us to recycle most of the water used for R&D.

Beyond water, we aim to use recycled materials in our manufacturing where feasible. For example, we have invested in technology to reclaim raw alumina powder during manufacturing and reuse it during the production process. Ninety-six percent of PXs shipped to customers in 2019 contained components made from recycled materials. This percentage can fluctuate year-to-year depending on sales volume for each PX model.

PX Pressure Exchanger Manufacturing: Ceramic Process



In addition, up to 60% of the raw tungsten used in the VorTeg's tungsten carbide pressure exchangers is recycled.

Energy Recovery's efficient manufacturing considers not just how products are made, but also how the associated waste from our manufacturing process is handled. We adhere to all local and federal regulations in the disposal of waste materials generated during our manufacturing process according to our Hazardous Material Business Plan, which is subject to annual audit by the State of California.



For example, 100% of our waste metal across all of our facilities is sent to a recycler, including our used tungsten carbide pressure exchangers, which are sent back to our suppliers. Additionally, at our Commercial Development Center in Katy, Texas, we contract with third parties to properly dispose of sand used during our oil & gas field testing operations.



 **Employee Spotlight // Detric Barkley**

Facilities Coordinator

 **San Leandro, CA**

Years with Energy Recovery: 6

As a facilities coordinator with Energy Recovery, Detric Barkley goes far beyond office maintenance responsibilities. For example, he proactively introduced enhanced waste management, recycling, and composting initiatives to reduce the office's environmental footprint and save costs. He also adapted lean manufacturing processes to the office environment to promote a safe, streamlined workplace.



“ I enjoy implementing creative solutions to improve office sustainability. Our used coffee grounds are collected and returned to the coffee company, which then makes lawn furniture from the waste. ”

Corporate Governance

Energy Recovery Board of Directors

Energy Recovery and our Board of Directors are committed to implementing sound and transparent corporate governance principles that strengthen accountability, oversight, and alignment with our key stakeholders.

Our corporate governance efforts are highly focused on effectively managing risk and preserving long-term, sustainable value for the benefit of our shareholders, our employees, and the broader ecosystem in which we operate. Energy Recovery's corporate governance framework is guided by our Certificate of Incorporation, By-Laws, Board Committee Charters, Code of Business Conduct and Ethics, and our policies related to conflict minerals. In addition to these governing documents, which are publicly available on our [investor website](#), more information pertaining to corporate governance can be found in Energy Recovery's [2020 Proxy Statement](#).

Role of the Board of Directors

Among its primary responsibilities, the Board oversees our strategic and business planning processes, monitors corporate performance, and assesses the integrity and effectiveness of our internal controls, legal procedures, ethics, and compliance programs. Beyond these core responsibilities, the Board is also responsible for establishing and maintaining the most effective leadership structure for the Company, as well as overseeing the executive management team.

Historically, the Board determined that the roles of the Chairman of the Board and the Chief Executive Officer should be separate, with the Chairman role being filled by an independent director. This structure affords independent Board leadership while allowing the Chief Executive Officer to focus on the Company's business and operations. Nevertheless, the Board also believes it is both appropriate and strategic to retain discretion and flexibility to occasionally alter its structure to ensure optimal leadership of the Company.

Upon the departure of the Company's prior President and Chief Executive Officer on November 1, 2019, the Board appointed Robert Yu Lang Mao, the Company's Chairman of the Board, as the interim President and Chief Executive Officer. The Board subsequently determined it was in the Company's best interest to make this appointment permanent and appointed Mr. Mao as President and Chief Executive Officer on May 5, 2020.



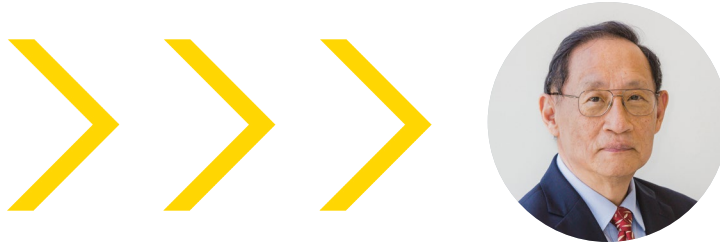
Accordingly, the roles of Chairman, President, and Chief Executive Officer are currently held by Mr. Mao.

To maintain the independent leadership of the Board, the independent members of the Board appointed a Lead Independent Director at the time Mr. Mao was appointed as the interim President and Chief Executive Officer. Today, Pamela Tondreau serves in this role. We believe that the role of Lead Independent Director provides the Company and the Board with the same independent leadership, oversight, and benefits that have historically been provided by an independent Chairman.

Board Composition

Our Board and its three standing committees – the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee – oversee and guide the Company. Each committee has adopted formal charters that describe in detail their purpose, organizational structure, and key responsibilities. For ease of reference, this information can be found on pages 28-29 of our [2020 Proxy Statement](#).

Diversity and inclusion are priorities for the Company and are believed to be important aspects of an effective Board. As reflected in our Board composition and in the Company’s management, we recognize the benefits of racial, gender, ethnic, and experience-based diversity, and value the healthy debate that stems from different viewpoints. We aim to reflect our diverse customer and employee base; accordingly, our Board includes differing geographic, business, and cultural backgrounds.



Robert Mao
*Chairman of The Board,
President and Chief Executive Officer*



Pamela Tondreau
Lead Independent Director



Alexander Buehler
Director



Sherif Foda
Director



Olav Fjell
Director



Arve Hanstveit
Director



Ole Peter Lorentzen
Director



We believe that fresh perspectives and new ideas are critical to a forward-looking and strategic Board and that diversity affords us these possibilities. Meanwhile, given the complex nature of our business, it is equally important to have the valuable experience and institutional knowledge that longer-serving directors bring to the boardroom. Two out of our seven directors have served on our Board for more than six years, providing the Company these important benefits.

Our directors bring diverse skills and experiences to the Board, including executive management, leadership, finance, financial reporting, manufacturing, engineering, technology, product commercialization, expertise in the water and oil & gas industries, and risk management. The Board strongly believes that the current mix of directors provides the Company with an appropriate balance of knowledge, experience, and capability, allowing us to leverage institutional experience and knowledge in addition to new viewpoints and ideas. The Board ensures it has the appropriate composition as a whole and down to the committee level through frequent self-evaluations.

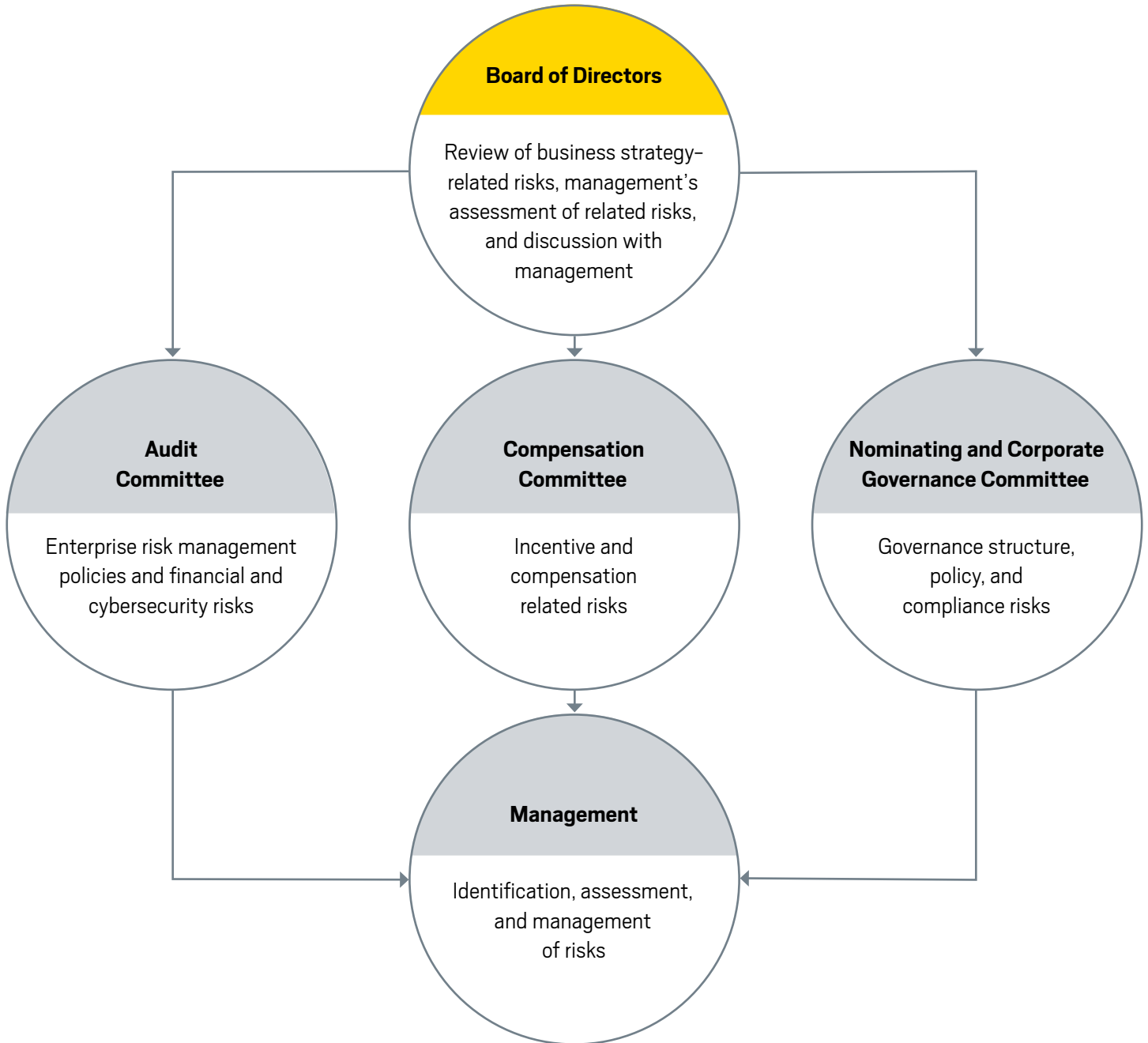
Board Self-Evaluation Process

Our Board's self-evaluation process – driven by the Nominating and Corporate Governance Committee – serves as the foundation for ensuring that we maintain appropriate qualities and expertise at the Board level. The assessment includes an evaluation of the Board and each committee's contribution, specific areas in which the Board, its committees and/or management believe better contributions could be made, and the overall make-up and composition of the Board and its committees. The results of the Nominating and Corporate Governance Committee's periodic assessments of the performance of the Board and its committees are provided to the full Board for discussion.



Risk Management

The Board, either directly or through one or more of its committees, reviews the Company’s business strategy and management’s assessment of related risks, and discusses with management the appropriate level of risk depending on the market environment and other relevant factors. The Board relies on each Board committee to oversee management of the specific risks related to that committee’s function.



The goal of the Company's risk management process is to understand and manage material risks impacting our business. Additionally, we view a fundamental part of risk management as understanding what level of risk is appropriate depending on the market environment and the specific issue in focus.

While Energy Recovery's management is responsible for establishing our business strategy, identifying and assessing the related risks, and establishing appropriate risk management practices, the Board also oversees the risk management process to support the achievement of organizational objectives, improve long-term performance, and ultimately enhance shareholder value. The Board's key responsibilities around risk management are primarily effected through the Audit and Compensation Committees, whose roles in risk management are outlined on the prior page.

The Audit Committee is primarily responsible for overseeing the Company's risk management processes on behalf of the Board and regularly discusses and considers the processes by which management and relevant departments assess and manage the Company's exposure to risk. Furthermore, the Audit Committee discusses the Company's major financial risks and the steps taken by management to monitor, control, and report such exposures. The Audit Committee, reporting to the Board (which also considers the Company's risk profile), obtains input from management regarding the most significant risks facing the Company and the Company's risk management strategy.

The Compensation Committee oversees compensation risk management by participating in the creation of and approvals for compensation structures that incentivize and encourage an appropriate level of risk-taking behavior consistent with our business strategy.

Beyond the risk oversight provided by the Audit and Compensation Committees, our full Board, executive officers, and members of our management team, our independent directors hold executive sessions as often as they deem

appropriate, but at least four times per year. These executive sessions provide an additional avenue through which the Board monitors the Company's risk exposure and policies regarding risk management.

Additionally, to safeguard employee health and safety and the continued production of our products, the Company continuously evaluates the extent to which our business and employees are subject to unintended liabilities and environmental risks such as toxic emissions and waste. As such, the Company's Hazardous Waste Policy is updated annually through the California Environmental Reporting System as part of our larger Hazardous Material Business Plan ("HMBP"). Through our HMBP, we ensure that facility and site formation, business activities, inventory of hazardous materials, and emergency response, contingency, and training plans remain compliant with relevant laws and regulations.

ESG Oversight

Our Chief Financial Officer is ultimately responsible for internal efforts related to the development of our ESG program, including our assessment of key ESG risks and opportunities. Our Chief Executive Officer, who reports to the highest governance body and is a member of the Board, set the delivery of the Company's inaugural ESG report as a corporate-level objective for 2020.

Relevant ESG topics, risks, issues, and considerations – largely informed by related stakeholder feedback and the use of the SASB and GRI frameworks as well as the SDGs – are managed at the Board level and are not currently assigned to a specific committee.



As the formal assessment of key ESG risks and opportunities has been elevated as a corporate priority and is relatively new to us as an organization, Energy Recovery's Board decided these responsibilities should not be assigned to a particular committee at this time, but instead reviewed by the Board in its entirety.

Internal initiatives related to ESG are being driven predominantly at the executive and senior leadership level with the full support and guidance of the Board. The Board was involved in the determination of our inaugural ESG report's focus and in its review and approval. As our ESG program and related initiatives evolve, the Board will play a key role in assessing our areas of greatest influence within the larger sustainability landscape and will be directly involved in the creation and subsequent execution of related goals.

ESG topics, issues, and considerations relevant to Energy Recovery are discussed at each Board meeting, which occur at least four times per year, and have been formally incorporated into Board meeting agendas since 2019. In an effort to bolster its expertise related to key ESG issues relevant to Energy Recovery, the Board has facilitated discussions and participated in educational sessions at Board meetings since 2019.

Through the Nominating and Corporate Governance Committee, the Board regularly reviews the skills and experience required to properly oversee the interests of the Company and its shareholders. Our Board believes that the directors and executive officers have the appropriate mix of expertise, experience, skills, qualifications, and attributes necessary to effectively lead the Company. A review of each director and executive officer's experience is provided on pages 58–63 of our [2020 Proxy Statement](#).

Commitment to Codes of Business Conduct and Ethics

Since our founding in 1992, we have built a reputation of transparency, ingenuity, performance, and integrity. We employ high ethical standards to better manage ESG risks, while supporting the growth of our business and that of our customers.

Our success is rooted in our adherence to core principles that govern the business, and we require our personnel, including our principal executive officer, principal financial officer, and directors, to follow a Code of Business Conduct and Ethics. Related initiatives are driven by the highest governance body – our Board – which consists of qualified individuals who have not only excelled in their respective areas of expertise, but also meet high personal and professional standards.

Energy Recovery seeks to do business with individuals and companies that share our commitment to ethical business conduct. As such, we require our suppliers and contractors to comply with all local, state, and federal laws applicable to locations where we or our business partners operate.

Our Code of Business Conduct and Ethics, which is fully supported by the Board, outlines our approach to managing conflicts related to bribery, fair dealing, gifts and entertainment, discrimination and harassment, recordkeeping and public reporting, confidentiality, and conflicts of interests, among others. We expect our directors, officers, and employees to be free from influences that conflict with the best interests of the Company.



Additionally, we expect our employees to comply with the applicable laws in all countries in which they travel, operate, and where we otherwise do business, including laws prohibiting bribery, corruption, or the conduct of business with specified individuals, companies, or countries. The fact that in some countries certain laws are not enforced or that violation of those laws is not subject to public criticism is and will not be accepted as an excuse for noncompliance. We provide

third-party service, available via the Internet and phone for the receipt, retention, and treatment of complaints received by Energy Recovery regarding accounting, internal controls, or audit matters, as well as violations of our Code of Business Conduct and Ethics. Regardless of the nature of the complaint, we strive to resolve each issue in a timely manner and process each instance with the utmost professionalism and discretion to ensure the safety and respect of all involved parties.

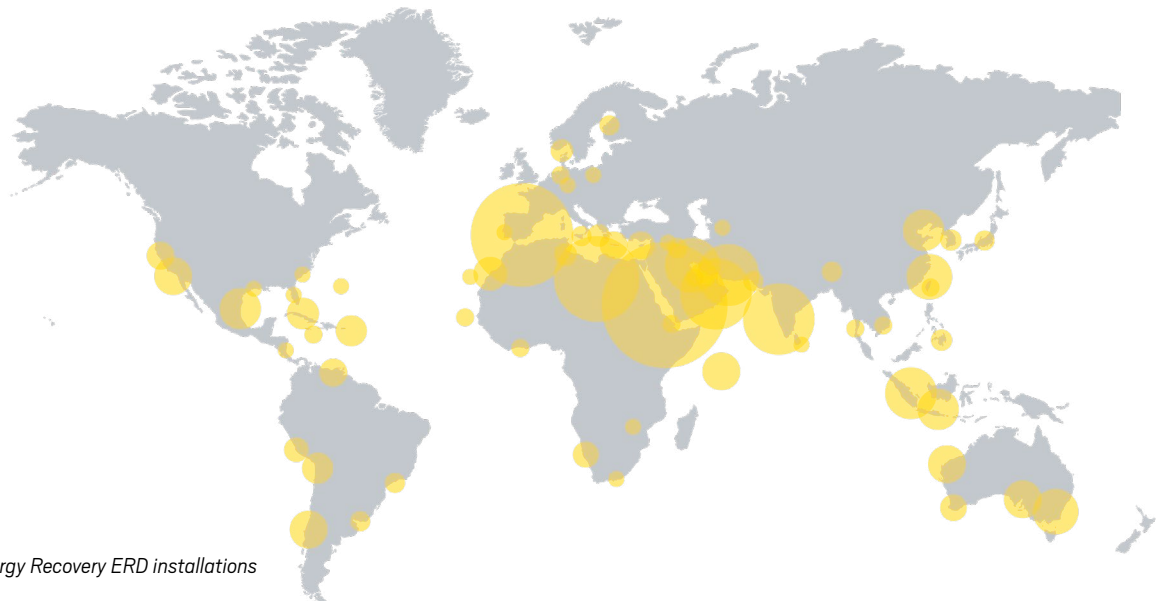


During 2019, there were
zero critical concerns
communicated to the
highest governance body

annual Foreign Corrupt Practices Act training to all employees with external-facing responsibilities. More detail on our approach to business conduct and ethics, as well as a review of disciplinary action to be used in the case of violations, can be found in our [Code of Business Conduct and Ethics](#).

To encourage and ensure a culture of communication, transparency, and continuous improvement, Energy Recovery has instituted anonymous reporting procedures through a

During 2019, there were zero critical concerns communicated to the highest governance body. In the event a critical concern is communicated, the issue at hand would first be addressed at the committee level and then escalated to the Board if necessary.



Global concentration of Energy Recovery ERD installations

Content Index



A. SASB Index

Industrial Machinery & Goods – Accounting Metrics

Topic	SASB Code	Accounting Metric	Category	Unit of Measure	Response
Energy Management	RT-IG-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	(1) 46,435 GJ in 2019 (2) 28% in 2019 (3) 0%
Employee Health & Safety	RT-IG-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Quantitative	Rate	(1)(2) 7.13 and 0.00 in 2019, respectively. 2019 ESG Report > Employee Health, Safety and Wellness (page 25) . (3) Not applicable
Fuel Economy & Emissions in Use-phase	RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles		Gallons per 1,000 ton-miles	Suggested accounting metrics for Fuel Economy & Emissions in Use-phase are not applicable to Energy Recovery's business. As disclosed below, Energy Recovery modified suggested accounting metrics to demonstrate the energy efficiency and associated benefits of its pressure exchanger devices, an accounting metric it believes is highly relevant to its business model. Avoided electricity consumption from sold and shipped PX Pressure Exchangers: 21.0 terawatt hours/year (TWh/y) in 2019 The above metric is calculated as the avoided electricity consumption that can be attributed to PX Pressure Exchangers sold and shipped to customers globally between 2004 and end of 2019, an amount associated with avoiding approximately 12.4 million metric tons of carbon emissions per year.
	RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment		Gallons per hour	
	RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	Quantitative	Watts per gallon	
	RT-IG-410a.4	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines		Grams per kilowatt-hour	

Industrial Machinery & Goods – Accounting Metrics

Topic	SASB Code	Accounting Metric	Category	Unit of Measure	Response
Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	2019 ESG Report > Supply Chain and Critical Materials (page 28). Please see Energy Recovery's conflict minerals sourcing policy, conflict minerals report, and conflict minerals statement located on the Company's investor website .
Remanufacturing Design & Services	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	Quantitative	Reporting currency	Not applicable

RT-IG-130a.1 - (1) Excludes leased facilities in Houston, Dubai, and Shanghai for which leased facility data was not available, excludes de minimis diesel consumption in San Leandro.

RT-IG-130a.1 - (3) Energy Recovery does not use any renewable energy outside of what the Company obtains from the grid.

RT-IG-320a.1 - (1) Excludes contractor hours and international personnel hours. The Company plans to re-evaluate the ability to incorporate these numbers in future reports.

RT-IG-320a.1 - (3) Energy Recovery does not currently collect this data. However, the Company is implementing tracking processes and plans to re-evaluate the ability to share this metric in future reports.

RT-IG-410a.1 ; RT-IG-410a.2 ; RT-IG-410a.3 ; RT-IG-410a.4 - The estimate is based on actual sales figures and assumptions about the percentage of our cumulative ERD sales operating globally. PX Pressure Exchangers have a design life of 25 years; therefore, this accounting metric assumes that the majority of our sold and shipped PX Pressure Exchangers are in operation. Although it is possible that PX Pressure Exchangers shipped in 2019 may have been in the process of being commissioned and not fully operating as of fiscal year-end, Energy Recovery does not have access to this data and therefore uses PX Pressure Exchangers sold and shipped through the end of 2019 as the basis for this calculation. As PX Pressure Exchangers constitute the majority of our sales through end of 2019, turbochargers and pumps are excluded from this calculation. The calculated CO₂ emissions reduction is based on 1.3 lbs CO₂/kWh emissions factor. Assumed avoided electricity per PX Pressure Exchanger unit is based on nominal PX Pressure Exchanger efficiency of 96%, pump efficiency of 80%, motor efficiency of 96%, 65 bar nominal membrane pressure, and 42.5% membrane recovery.

Industrial Machinery & Goods – Activity Metrics

SASB Code	Activity Metric	Category	Unit of Measure	Response
RT-IG-000.A	Number of units produced by product category	Quantitative	Number	Energy Recovery does not disclose the number of units produced by product category. For a financial breakdown by business segment, please see Item 7 in the Company's 2019 Annual Report .
RT-IG-000.B	Number of employees	Quantitative	Number	188 FTE as of Dec. 31, 2019

Electrical & Electronic Equipment – Accounting Metrics

Topic	SASB Code	Accounting Metric	Category	Unit of Measure	Response
Product Lifecycle Management	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	Quantitative	Reporting Currency	\$64.9M in 2019 (89% of total 2019 product revenue across all business segments).

B. GRI Index – General Disclosures 2016

Certain materials throughout this ESG report and the below table reference GRI 2016 Standards including 102-18 – Governance Structure, 102-19 – Delegating Authority, 102-20 – Executive-level responsibility for economic, environmental, and social topics, 102-21 – Consulting stakeholders on economic, environmental, and social topics, 102-22 – Composition of the highest governance body and its committees, 102-23 – Chair of the highest governance body, 102-24 – Nominating and selecting the highest governance body, 102-25 – Conflicts of Interest, 102-26 – Role of highest governance body in setting purpose, values, and strategy, 102-27 – Collective knowledge of highest governance body, 102-28 – Evaluating the highest governance body's performance, 102-29 – Identifying and managing economic, environmental, and social impacts, 102-30 – Effectiveness of risk management processes, 102-31 – Review of economic, environmental, and social topics, 102-32 – Highest governance body's role in sustainability reporting, 102-33 – Communicating critical concerns, 102-34 – Nature and total number of critical concerns, 102-35 – Remuneration policies, 102-36 – Process for determining remuneration, 102-37 – Stakeholders' involvement in remuneration, 102-38 – Annual total compensation ratio, and 102-39 – Percentage increase in annual total compensation ratio.

GRI Indicator	Description	Reference
102-18	Governance structure	<ul style="list-style-type: none"> • 2020 Proxy Statement pages 24-30 • 2019 ESG Report > ESG Oversight (pages 37-38) • Committee Charters • Board of Directors
102-19	Delegating authority	<ul style="list-style-type: none"> • 2019 ESG Report > ESG Oversight (pages 37-38)
102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> • 2019 ESG Report > ESG Oversight (pages 37-38)

GRI Content Index – General Disclosures 2016

GRI Indicator	Description	Reference
102-21	Consulting stakeholders on economic, environmental, and social topics	<ul style="list-style-type: none"> 2019 ESG Report > Stakeholder Engagement and Assessment of ESG Topics (page 13)
102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> 2020 Proxy Statement pages 25-31 Committee Charters
102-23	Chair of the highest governance body	<ul style="list-style-type: none"> 2020 Proxy Statement page 25 2019 ESG Report > Role of the Board of Directors (pages 33-34)
102-24	Nominating and selecting the highest governance body	<ul style="list-style-type: none"> 2020 Proxy Statement pages 25-28 2019 ESG Report > Board Composition (page 34) Nominating and Corporate Governance Committee Charter
102-25	Conflicts of interest	<ul style="list-style-type: none"> 2020 Proxy Statement pages 26-28, 32, 64
102-26	Role of highest governance body in setting purpose, values, and strategy	<ul style="list-style-type: none"> 2019 ESG Report > ESG Oversight (pages 37-38)
102-27	Collective knowledge of highest governance body	<ul style="list-style-type: none"> 2020 Proxy Statement pages 26-27, 58-63 2019 ESG Report > ESG Oversight (pages 37-38)
102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> 2019 ESG Report > Board Self-Evaluation Process (page 35)

GRI Content Index – General Disclosures 2016

GRI Indicator	Description	Reference
102-29	Identifying and managing economic, environmental, and social impacts	<ul style="list-style-type: none"> 2019 ESG Report > Stakeholder Engagement and Assessment of ESG Topics (page 13)
102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> 2020 Proxy Statement pages 31-32 2019 ESG Report > ESG Oversight (pages 37-38)
102-31	Review of economic, environmental, and social topics	<ul style="list-style-type: none"> 2019 ESG Report > ESG Oversight (pages 37-38)
102-32	Highest governance body's role in sustainability reporting	<ul style="list-style-type: none"> 2019 ESG Report > ESG Oversight (pages 37-38)
102-33	Communicating critical concerns	<ul style="list-style-type: none"> 2020 Proxy Statement pages S-5, 31 2019 ESG Report > Commitment to Codes of Business Conduct and Ethics (pages 38-39)
102-34	Nature and total number of critical concerns	<ul style="list-style-type: none"> 2019 ESG Report > Commitment to Codes of Business Conduct and Ethics (pages 38-39)
102-35	Remuneration policies	<ul style="list-style-type: none"> 2020 Proxy Statement pages S-5, 38-41
102-36	Process for determining remuneration	<ul style="list-style-type: none"> 2020 Proxy Statement pages 40-41
102-37	Stakeholders' involvement in remuneration	<ul style="list-style-type: none"> 2020 Proxy Statement pages 24, 41 Compensation Committee Charter
102-38	Annual total compensation ratio ¹	<ul style="list-style-type: none"> 2020 Proxy Statement pages 48, 56
102-39	Percentage increase in annual total compensation ratio	<ul style="list-style-type: none"> The ratio between the annual total compensation of the chief executive officer and the annual total compensation for the median employee was 13:1 in 2018 and 20:1 in 2019. For more information, see our 2019 Proxy Statement, page 42 and our 2020 Proxy Statement, page 56.

¹Includes only personnel based in the United States. Based on personnel, the United States is the only country in which Energy Recovery has significant operations.



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