



ALAMO GROUP INC.



# FY2019 SUSTAINABILITY REPORT


# Message from Our CEO

Alamo Group is a global leader in the design and manufacture of high quality industrial and agricultural equipment. We run our business with a long-term vision in mind, and we have established goals and strategic initiatives to help achieve long-lasting business objectives. Built into our strategic initiatives, and underlying our overall strategic planning process, is a broad program designed to ensure strong corporate responsibility.

Today, the most successful manufacturing organizations recognize that environmental, social and governance responsibility is foundational to ongoing success. We believe by embracing social, environmental and economic well-being in every part of our organization, we are serving the long-term best interests of our shareholders and other stakeholders.

This report, our inaugural Sustainability Report, describes Alamo Group's commitment to promote a culture of corporate responsibility throughout our Company and highlights how we approach sustainability as a normal course of our business. We believe the most sustainable organizations are not those that try to make marginal improvements in the way business is conducted, but those that make the sustainable way the normal course of business.

Accordingly, as part of our effort to help drive meaningful change and innovation, Alamo Group will follow an Environmental, Social and Governance “ESG” Sustainability Framework (our **“Sustainability Framework”**) as more fully detailed in this report. People are the foundation of our success and achieving success will require all of our employees' commitment to our sustainability goals. By engaging and empowering our people, we are confident we can make a positive impact, and I look forward to reporting our future progress on this topic. Thank you for your support of Alamo Group.



RONALD A. ROBINSON  
Chief Executive Officer and President

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# OUR APPROACH TO SUSTAINABILITY

An initial step towards developing our **Sustainability Framework** was taking stock of our current activities and operations with the goal of understanding our Company's current performance in relation to accepted ESG standards. Only following such an initial exercise were we able to determine where to focus our efforts.

This required us to interact with our internal and external resources, where we engaged across a range of topics and issues as well as within functional areas.

Stakeholder engagement was also managed locally at our various operating companies, with suppliers through our strategic procurement and sourcing teams, with employees through our human resources and health and safety teams, and with customers through our marketing, sales and customer service teams. Examples of these stakeholder interactions and results are highlighted where possible throughout this report.

An important further step in developing our framework was to determine relevant metrics upon which we will measure our ongoing performance so that we can drive continuous improvement in the years to come. We chose the Sustainability Accounting Standards Board (SASB) standards as our primary guideline in developing metrics applicable to our business as we feel these provide a comprehensive set of sustainability performance standards within the Industrial Machinery & Goods Industry category.

## Sustainability Framework

The Alamo Group Sustainability Framework is built around three focus areas:



### ENVIRONMENT

**MANAGEMENT OF RESOURCES** – working towards more efficient and sustainable management of energy, emissions, fuel, water, and waste

**PRODUCT INNOVATION** – continuing to develop safe, reliable and more efficient products for the markets we serve



### PEOPLE AND COMMUNITY

**EMPLOYEE WELL-BEING** – improving the well-being and safety of employees

**COMMUNITY** – fostering relationships with our communities to drive positive change



### GOVERNANCE AND ETHICS

**CORPORATE GOVERNANCE** – striving to meet governance best practices for the good of our stakeholders

**ETHICS AND COMPLIANCE** – holding our organization to the highest standards of behavior in conducting our business



# SUSTAINABILITY METRICS AND REPORTING

## Measuring and Reporting

Following engagement with our stakeholders and an in-depth internal review, we established the following primary categories for measurement and reporting as part of our Sustainability program:



ENERGY



EMISSIONS



WATER



WASTE



SAFETY

The table below provides further details concerning the calculation of our metrics. With respect to the environmental factors, the measurements vary depending on the level of production activity, and as a result, they are measured relative to our production levels. Production output level is based on a unit of production weight (metric ton). Additional measurements used in production output level calculations are as follows:

- Spare parts output measured by total shipment weight as provided by external freight companies
- Wholegood shipments output measured by calculating the tonnage of the number of wholegoods shipped and the average weight of the product model
- We excluded factored products (e.g. truck chassis) that may be purchased but not manufactured directly by Alamo Group

Sustainable Area	Focus	Metric	Calculation	Unit/Measure
<b>Environment</b> 	Energy	a. Total energy used  b. % Renewable electric energy	a. Gigajoules of energy used in year/ Metric tons of products shipped in the year  b. Renewable electric energy usage in the year/total energy used in a year	Gigajoules/Metric tons  %
	Emissions <sup>1</sup>	Green House Gas (GHG) Emissions (CO <sub>2</sub> equivalents) a. Wholegood Total Shipments b. Spare Parts Total Shipments = (a + b)	GHG emissions (CO <sub>2</sub> equivalents)/ Metric tons of product shipped in the year	Metric tons/Metric tons
	Water	Water Usage	Water used in cubic meters/metric tons of products shipped in the year	Cubic meters/Metric tons
	Waste	a. Waste sent to landfills b. % Waste recycled	a. Non-hazardous waste sent to landfills in kilograms/metric tons of products shipped in the year  b. Recycle waste in kilograms/waste sent to landfills in kilograms	kg/Metric tons  %
<b>Health &amp; Safety</b> 	Safety	a. OSHA Recordable Injury Rate	a. Number of recordable injuries per 100 employees	Rate
<sup>1</sup> Does not include emissions from electricity generation.				

# Sustainability Development Goals

By building sustainability into our business strategies and linking them to Sustainability Development Goals (SDG), Alamo Group is developing a foundation and structured approach for our sustainability program through three mechanisms:



## STRATEGIC INTEGRATION

A starting point that occurs with the transition of our business strategy from focusing exclusively on creating shareholder value to creating shared values, including incorporating sustainability alongside financial returns



## ORGANIZATIONAL INTEGRATION

Extending from the boardroom to the loading dock, identifying and managing sustainability issues as a cross-functional business strategy for our organization



## OPERATIONAL INTEGRATION

Identifying and communicating specific, measurable, time-bound SDG goals to hold the company accountable for its strategy, starting with the seven SDG goals outlined below. We have determined these goals by engaging stakeholders in identifying and managing sustainability issues that are likely to have the greatest overall impact

Focus	2019 Results <sup>1</sup>	2025 Goals
<b>Energy</b> 	<b>6.58</b> total gigajoules of energy used per metric ton shipped <b>17.5%</b> of total electric energy used was renewable energy	<b>6.0</b> total gigajoules of energy used per metric ton shipped <b>20%</b> of total electric energy will be from renewable sources
<b>Emissions</b> 	<b>.29</b> metric tons of CO <sub>2</sub> e emissions per metric ton shipped	<b>.25</b> metric tons of CO <sub>2</sub> e emissions per metric ton shipped
<b>Water</b> 	<b>1.08</b> cubic meters of water used per metric ton shipped	<b>1.00</b> cubic meters of water used per metric ton shipped
<b>Waste</b> 	<b>34.81</b> Kg per metric ton shipped of landfill waste <b>79%</b> of total waste is recycled	<b>30</b> Kg per metric ton shipped of landfill waste <b>85%</b> of total waste is recycled
<b>Safety</b> 	<b>3.7</b> recordable injuries per 100 employees	<b>3.0</b> recordable injuries per 100 employees

<sup>1</sup>2019 results do not include newly acquired companies such as Morbark, Dutch Power and Santa Izabel.

# ENVIRONMENT

We are focused on managing activities to meaningfully reduce our overall environmental impact, and adhere to the following guiding principles:



## MANAGEMENT OF RESOURCES

Work towards more efficient and sustainable management of energy, emissions, fuel, water, and waste in our operations



## PRODUCT INNOVATION

Continue to develop safe, reliable and more efficient products for the markets we serve

## Management of Resources

Our focus on reducing environmental impact through continued efficient and sustainable management of energy, emissions, fuel, water, and waste, applies to all of our internal operations. We are engaged in various initiatives focused on energy efficiency or waste reduction as demonstrated by a few of the highlighted examples provided by several of our operating companies in this section and throughout the report.

### Super Products New Facility

Alamo's new Super Products facility for its vacuum truck operations in Muckwonago, Wisconsin commenced operations in February of 2020. Designed for improved efficiency, this new 170,000 square-foot facility has allowed Super Products to consolidate the company's manufacturing and customer support operations from several locations into one facility, resulting in increased production capacity needed to meet future growth targets in the vacuum truck sales and rental operations.

With this new facility, Super Products has the ability to "start from scratch" to achieve greater operational efficiency and economies of scale by implementing renewable energy processes implementing efficient manufacturing workflows using automation where possible; and bringing previously outsourced operations like painting in-house using a state-of-the-art paint booth.



- Super Products' groundbreaking ceremonial dig took place on April 25, 2019 and was attended by a number of company executives and local elected officials, including Super Products LLC President Mike Vanden Heuvel, Alamo Group, Executive Vice President Jeff Leonard, and Wisconsin State Senator Steve Nassand. Super Products MUD DOG® 1600 Hydro Excavator in the background.



- Designed to increase efficiency and production, this 170,000 sq. ft. facility, with 70,000 sq. ft. expansion capacity, allows Super Products to consolidate the company's manufacturing and customer support operations under one roof.



- In-house ICAFe liquid paint booth system



# Management of Resources

## Tiger Cardboard Recycling Program

Alamo's Tiger Corporation implemented a cardboard recycling program in 2011 to effectively collect and separate cardboard from its waste streams, which has reduced waste collection costs and hauler fees for the company.

According to the EPA, it is estimated that 24.1 million tons of corrugated cardboard is tossed out each year. The good news is that most of that cardboard (as much as 91%) is recycled, making cardboard one of the easiest materials in the world to recycle.

As shown in these photographs, cardboard shreds are reused as packaging material for customer orders. Tiger estimates that they have recycled 150,000 cubic feet of cardboard over the last eight years with an estimated cost savings of \$55,540 in packaging material expense alone.



● Tiger staff flattening cardboard boxes prior to shredding



● Shredded material to be used for product packing



● Tiger employee using recycled cardboard for product packing



# Management of Resources

## Henke Manufacturing Pollution Prevention Internship Program

In partnership with Kansas State University Pollution Prevention Institute, Alamo's Henke snow and ice company hired a summer intern to help them reduce their environmental impact, develop creative ways to improve the efficiency of their facility, and collect data for sustainability reporting purposes.

Based on these goals, the intern pursued five pollution prevention projects including: a compressed air audit; a solar panel evaluation; a solvent recycler replacement unit; a T5 CFL lighting replacement with T8 LEDs; and the implementation of motion sensing light switches in the various bathrooms around the facility. Representing a net annual savings to the facility of \$76,883, the environmental and financial impact associated with each project was presented to Henke management on August 2, 2019, as outlined below.

Project	Annual estimated environmental impact	Estimated cost savings(\$/year)	Status
Compressed Air Audit	97,000 kWh	\$14,700	Implemented
Solar Panel Evaluation	472,000 kWh	\$46,000	Recommended
Solvent Recycler	3,894 lbs. of avoided waste disposal	\$10,592	Implemented
T5 Lighting Replacement	45,000 kWh	\$5,184	Recommended
Occupancy Light Sensors	3,338 kWh	\$407	In progress
Total <sup>1</sup>	617,338 kWh 3,894 lbs. of waste	\$76,883	97,000 kWh 3,894 lbs. of avoided waste disposal
GHG Reductions <sup>1</sup>	649.9 metric tons CO <sub>2</sub> e		

To date, Henke has implemented two of the projects recommended, resulting in an estimated cost savings of \$25,292. Henke is planning implementation of remaining programs, pending analysis for integration into future budgets.



An example of a leaking connection of metal pipe to rubber hose found during a compressed air audit. This audit provided Henke an estimated cost savings of \$14,700.

<sup>1</sup>EPA P2 GHG Calculator based on cost as of April 7, 2016.



# Management of Resources

## Alamo Group Brazil Plant Sustainability Project

Alamo's Santa Izabel Agro and Herder companies have been able to realize sustainability milestones in energy savings and noise reduction by:

- Using LED lights in their administrative offices
- Reducing water usage in production by recycling water and using collected rainwater
- Achieving considerable reduction in gas emissions and energy consumption by replacing 40% of Bambozzi welding equipment with Esab inverter welding equipment with 4.0 Wi-Fi technology and eliminating CO<sub>2</sub> from their gas exchange delivering a 50% reduction in energy consumption
- Decreasing noise exposure for employees from 87 dB to 84 dB by:
  - Changing metal mallets and hammers to nylon, which also has reduced employee's exposure to ferrous materials, and reducing use of sledgehammer and cutting tools by eliminating some shear and hydraulic press operations, resulting in less internal component movement and lower internal processing time
  - Replacing sanding disks with ceramic disks, resulting in noise reduction as well as time savings due to increased material durability
  - Exchanging pneumatic machines with electric ones, resulting in reduced noise, air consumption and maintenance work due to hose leaks
  - Decreasing use of motorized forklifts to reduce noise for signaling by using LED technology and manual forklifts to lighten the noise pollution and material movement in the production line feeding process and in the warehouse storage areas



● Equipment testing area with noise-generating undercarriages was moved from finished goods to courtyard to reduce noise for production employees



● LED system visually signals when the forklift is approaching and where it is heading



● Manual forklift used to move pallets

## Product Innovation

Improving our customers' operating efficiencies, as well as product functionality, manufacturability, serviceability, ergonomics, safety and aesthetics are key objectives of our sustainable product innovation strategy.

Our new product development is driven by meeting the needs of customers, both small and large, for more efficient, ergonomic, safer and user-friendly equipment. Each year, the Company introduces more than one hundred new products or improvements to existing products. With products touching people every day globally, we have a responsibility to embed sustainability into every aspect of our innovations. We pay careful attention to material responsibility and human health and environmental impact, without compromising product performance. The company continually conducts research and development activities in an effort to improve existing products and develop new products.

### Dutch Power Company Making Sustainable Products

As a producer of small scale mowing, road maintenance machines, and dredging equipment for the maintenance of inland waterways, Alamo's recently acquired Dutch Power Company endeavors to position itself as a leader in the manufacturing of efficient environmentally-friendly and ergonomically designed equipment.

The Roberine ride-on mower products include a smarter hydraulics system that controls engine and mowing hydraulics separately, varies machine speed and engine speed depending on the mowing load, and is ergonomically designed so operators can work as efficiently as possible with a reduction in fuel demand.

The Conver line of products includes floating and amphibious machines that are able to clear inland waterways of weeds and debris, facilitating responsible water management practices and reducing the use of chemical pesticides for weed control.

Dutch Power is also focused on improving plant efficiencies. Its Herder production facility recently optimized the consumption of energy by changing the heating system in the factory, upgrading the warehouse lighting system to LED, and improving the facility's insulation to lower heating and cooling needs.



● Roberine® F5 Flail Mower



## Product Innovation

### STAKEHOLDER ENGAGEMENT – Our Customers

As customers' behaviors change, we find that their demand for sustainable products and services increases. For many of our products, we find the biggest customer impact to be downstream; how customers use them or behave in the process of using them, which is a critical consideration when designing our products.

A key area to boost sales and enrich the overall customer experience is using e-commerce to engage customers and build a loyal base of repeat buyers. In 2018, two apps were launched to drive better customer engagement: the Bush Hog App provides customers the power to research equipment or find the nearest dealer at the palm of their hand.

Nite-Hawk's Sweeper Madness is a free mobile game download designed to put customers in the driver's seat as they dash to the finish line while collecting as much trash as possible before they run out of fuel.

Through interactions with our customers, we find out what might be important to them in their decision-making process and make it easy for them to access credible, timely, and accurate information. Alamo and our dealers provide services that support customers with digital solutions in e-commerce.



● The Bush Hog app provides the latest information from closest dealer to extensive product information including a video library, safety information and recall particulars. Clients can buy their favorite Bush Hog merchandise in the E-Store. The app is available for iPhones and Androids.



● Nite-Hawk Sweepers' "Sweeper Madness" app., a free mobile racing game that is for all ages and abilities, and puts clients in the driver's seat, challenging racing skill.



## Product Innovation

### Helping Municipalities Meet Permit Compliance and Reduce Total Maximum Daily Load (TMDL)

In 2018, Schwarze Industries unveiled its “Only Rain Down the Storm Drain” campaign at New Orleans’ Water Environment Federation Technical Exhibition Conference (WEFTEC) in response to the challenges that municipal stormwater managers face in implementing best practices to keep pollutants out of storm sewers, maintain their storm water permits, and meet local EPA and state guidelines.

Since the inception of this campaign, municipalities have seen the benefits of using Schwarze sweepers for more than debris removal and beautification. Schwarze catch basin cleaners are used for source control and pollutant removal (e.g., sediment, phosphorous and nitrogen) discharged into protected watersheds.

Since public participation is required in the permitting process, Schwarze continues to partner with municipality stormwater managers on outreach and educational programs to get the message out, engage the public, and ultimately gain their participation to reduce pollution in storm sewers, creeks and watersheds.



● “Only Rain Down the Storm Drain” campaign unveiled in 2018 WEFTEC in New Orleans



● Schwarze model A7 multipurpose sweeper equipped with catch basin cleaners at work for debris pick up in the town of Okotoks, Canada

### Schwarze Helped Washington County, Maryland Achieve Permit Compliance and TMDL for the Chesapeake Bay Watershed

Located in the Chesapeake Bay Watershed, Washington County in Maryland was looking for an effective solution to meet both National Pollutant Discharge Elimination System (NPDES) permit and EPA total maximum daily load requirements.

After an initial assessment tallied up to more than a billion dollars in cost, the county looked for creative ways to provide a practical and efficient solution at a fraction of the cost. As a result, it decided to purchase a Schwarze A8 Twister regenerative air sweeper that provides the county double functionality since in addition to street sweeping, it also offers catch basin cleaning capabilities. “Dual functionality was a feature Washington County particularly sought when selecting the A8 Twister,” a county official said.



Washington County’s NPDES permit requires a 20% reduction of pollutants contained in and discharged into protected watersheds like the Chesapeake Bay.

To meet this 20% reduction goal, the county is treating its approximately 700 acres of impervious surface (mainly artificial structures such as pavements that are covered by water-resistant materials such as asphalt, concrete, brick, stone and rooftops), which seemed like a monumental task. However, the county was divided into 45 sections that are swept 25 times each per year, with a daily goal of sweeping at least 12 lane-miles per day, which is equivalent to 12 acres of impervious surface being treated per day.

In addition, in an effort to achieve greater efficiency, the county pairs the Schwarze A8 Twister with dump trucks that unload debris at a dump facility in parallel with the sweeper so that operators do not have to stop sweeping at any time. “Once the dump truck is full, it can run to the landfill, dump the material and come back to be staged,” the county official said. “We never stop the street sweeper during the day while it’s out and about.”

# PEOPLE AND COMMUNITY

Social sustainability is about continuously improving our relationships with internal and external stakeholders who may be impacted by our business decisions and operations. This includes our employees, suppliers, and members of the communities where we operate, or other third parties who may be impacted by our business.

We are focused on the following guiding principles:



## EMPLOYEE WELL-BEING

Provide a healthy and safe workplace for employees with opportunities for growth and development



## COMMUNITY

Foster community relationships to help local communities where we operate

## Employee Well-being

Alamo's success is enabled by the hard work and enthusiasm of all our employees around the globe. We are committed to our people and maintaining Alamo Group as a best-in-class employer through our ongoing focus on employee safety, workplace culture, compensation and benefits, diversity and inclusion, and talent development. We are at our best when we bring together unique perspectives, experience and ideas, and actively build diverse teams and inclusive work environments across our global operations. This culture reinforces our core values and allows our employees to thrive by providing them with significant responsibility and autonomy to get things done right.



## Employee Development

We aspire to create a work environment where employees are engaged and aim to deliver their best - it is only our people who can help us reach that goal. We recognize that employees are our most valuable asset and are committed to the growth and development of our team.

Alamo Group is a family of companies, and as such, employees enjoy a small company atmosphere as well as the rewards of being part of a larger organization. Along with many opportunities for career growth, Alamo Group provides a comprehensive benefits package that supports our employees' educational endeavors, wellness, and financial security. Benefits may vary by location and are based on organizational needs.

To ensure our talent pool is equipped with the right skills to navigate the emerging business landscape, we regularly conduct training sessions to prepare and develop talent. We offer a range of training and professional development opportunities to our employees to encourage them to pursue degree programs utilizing our employee tuition assistance program. Other training programs include, but are not limited to leadership, manager and supervisor skills, computer skills, OSHA safety, regulatory compliance, manufacturing skills, customer service, professional development, Lean manufacturing, and many other training programs geared towards employee professional growth and development.

With over 4,200 employees worldwide, Alamo Group strives to listen to employees' needs and implements strategies to make employees feel valued and engaged in order to retain them and help them grow in their careers.

# Employee Well-being

## Employee Health and Safety

Alamo Group is dedicated to providing a workplace free of all recognized hazards, and has implemented a program to recognize employee safety as an uncompromised value. This effort is further amplified through the organization by our significant investment in Lean Enterprise implementation which reduces material handling and ergonomic hazards while providing improved efficiency. Additional investment has been made in employee development through various training programs to increase awareness of safety hazards and production improvement opportunities through enhanced communication.

## Safety Culture

A vibrant and sustainable safety culture is one that resonates and connects with the values and vision of both employees and the Company. To foster a sustainable safety culture, Alamo Group demonstrates from the CEO to the production line that safety is our organization's top priority and "An Uncompromised Value."

At all levels of the Company, we strive to create an open reporting culture and sustain a safety-focused, zero injury philosophy that is a top priority for all.



### Communication

Alamo safety teams work towards effectively informing our employees on both policies and procedures (available in different languages), which is crucial in making information easily accessible for our global workforce.



### Training

Whether it is classroom training, safety walks and talks, or daily safety tips, it is important that our employees receive not only the regulatory required training on their job duties, but also training specific to our organization's policies and procedures to drive their engagement.

The quality of our training significantly impacts Alamo Group's overall safety culture and our training programs consider the needs of new and existing employees, work practices or equipment changes, and the introduction of any new technology. Most importantly, our training program strives to convey the message to employees that they have a duty to participate in training but also have a voice to contribute and make recommendations for improvement.



### Understand and Analyze

Our seasoned Environmental, Health and Safety (EHS) professionals are experts when it comes to performing investigations and conducting a root cause analysis whenever there is an incident or near miss. They ensure that our safety culture does not plateau or show symptoms of a poor safety culture (like routine procedural violations), by continuously tracking and analyzing initiatives and collecting feedback to understand what is going on with our employees. We recognize that if we do not proactively address these symptoms and put in the necessary process improvements for our programs, this can lead to bigger problems for the organization.



## Employee Well-being

### Employee Health and Safety



## the CuttingEdge Safetyprogram™



- June 27 training session, led by Alamo's Training Manager Jim Green, held in Divide County near Crosby, North Dakota. Equipment used included Industrial Grade XH-1500 Mower and Flex-Arm



- Terrain King's Chuck Pavliska conducts a safety walk around of a Kubota M8560 tractor with Terrain King side flail at the Putnam County Safety Day for 45+ county employees

**“Safety Win” for Alamo Industrial plant in Seguin, Texas celebrating 12 years (4,380 days) with No Lost Time Accidents on August 2, 2019!**





## Employee Well-being

### Gradall Maintenance Apprenticeship Program

Given a shortage of available skilled labor based on industry demand, Gradall Industries implemented a Maintenance Apprenticeship Program in August of 2015.

The **ApprenticeOhio** is a registered program sponsored by the Ohio State Apprenticeship Council and funded by the federal government. It has a duration of 8,000 hours, including 576 hours of classroom training and related instruction at a local vocational school, as well as structured on-the-job training. Apprentice participants are trained to industry specifications as electromechanical maintenance technicians with a multi-task classification that covers repair knowledge in electrical, mechanical, hydraulic, pneumatic, robotics, PLCs and CNC machinery. In addition, they receive training in basic facility maintenance, plumbing, powered industrial lifts, as well as safety training on electrical arc flash incidents, lockout tag-out procedures, confined space entry procedures, and a multitude of industrial lift equipment and accessories.

Gradall currently has five apprentices who are full-time employees; three of them graduated in September 2019, the fourth apprentice started his second year in August 2019, and the fifth recently began his first year.

Gradall's Maintenance & Facilities department is located in Gradall's 430,000 sq. ft. facility in southeast Ohio, and is responsible for the maintenance, repair and operations tool crib; calibration of all tools, instruments, and equipment; repair and maintenance of all facilities and production equipment; and maintaining all environmental procedures and records.



● Gradall Maintenance Apprenticeship Program participants: (Back L-R) Graduates Joshua Finton, Doug Fishel, Brock Zurcher, (Front L-R) Christian Wenger, first year and Brian Moore second year participants.



# Community

Alamo Group is committed to improving the lives of people and giving back to the communities where our facilities are located. Giving back to the local areas where we do business is an important part of our philosophy. We believe we have a responsibility to the communities where our employees and customers live and work, and we constantly strive to find ways to give back. From donating time and money to local charities to promoting educational programs and volunteering at local clean-up efforts, Alamo Group and our employees are committed to efforts that improve our communities.

## Donations, Scholarships and Sponsorships

Alamo Group companies work with diverse organizations in our communities to advance economic, environmental and societal issues and share best practices across industries. The five most prevalent types of charitable giving programs include community grants, employee volunteer grants, employee matching gifts, corporate sponsorships and non-cash contributions.

## Specially Branded Equipment

Specially branded equipment has been used by Alamo Companies to generate brand impressions for worthwhile causes, a very important factor in fundraising. These products are used to capture the goodwill of the public, increase awareness and buzz about a cause or campaign, and their message continues being promoted during the life of the product.

- Nite-Hawk Sweeper parked in front of Abraham Lincoln Mural in Lexington, Kentucky – painted by Brazilian artist Eduardo Kobra





## Community

### Alamo Industrial Geronimo Creek And Alligator Creek Clean The Bayou Program

Since 2014, Alamo Industrial employees have donated time to help beautify their community. Every April and October in partnership with local businesses, church groups, major corporations, landowners, homeowners and school groups, employees join in to clear litter and debris on roadway and creek banks of Geronimo Creek, and its tributary Alligator Creek, which flow through Comal and Guadalupe counties in Texas.

In 2019, ninety-nine community volunteers worked to remove 3,640 pounds of trash and debris from 12 miles of roadside areas that drain to area creeks during the seventh Annual Geronimo and Alligator Creeks Clean-Up event. The event was coordinated by the Geronimo and Alligator Creeks Partnership formed in 2010 to restore and protect water quality in the Geronimo and Alligator Creeks Watershed due to elevated levels of bacteria and nitrate-nitrogen and to inform and engage local stakeholders in helping to improve and protect the quality of water in Geronimo and Alligator Creeks.

Alamo Industrial volunteers that participated in the fall cleanup effort



Group of Alamo Industrial volunteers getting ready to start the Spring cleanup.



Example of type of trash collected during clean up

## Community

### Specialty Branded Products

#### Bush Hog's Pink ZT Mower

Since 2014, Bush Hog has been producing a pink ZT mower branded product for their "Mow Down Breast Cancer" fundraising campaign. Throughout the year, a pink ZT mower is displayed at farm shows, trade shows and dealer locations all over the United States to raise awareness about breast cancer detection and treatment. At the end of the campaign, Bush Hog donates and raffles the same pink ZT mower to raise funds for the Joy to Life Foundation, a non-profit that provides free mammograms and other breast cancer screenings to underserved women in Alabama. For the last 6 years, Bush Hog has donated more than \$10,000 annually to the Joy of Life Foundation through this fundraising campaign.

Bush Hog dealers have also been conducting their own charitable fundraisers using specially branded pink ZT mowers. Westside Implement's pink ZT named "Betty Lou" raised \$7,580 to benefit the Watertown Breast Cancer Support Group in Watertown, SD a non-profit that offers emotional and physical support to cancer patients and survivors; and Darren Sales' pink ZT raised \$7,000 during their "Clip Cancer's Grass" campaign benefiting the Saint Benedict's Guest House in Hanceville, AL to provide lodging for cancer patients in need.

In 2019, Bush Hog donated a pink ZT mower to the Shriners Club from three counties who joined forces to raise \$72,000 for the Shriners Hospital for Children in Greenville, SC. The prior year, at the request of Bush Hog dealer Wilson Tractor in Newberry, SC, Bush Hog donated a pink ZT mower to the Laurens County Shriners Club 38th Annual Shrine Stock Car Race at Laurens County Speedway, which raised \$35,936 to benefit Shriners hospitals.



Westside Implements Betty Lou pink ZT which raised \$7,580 to benefit the Watertown Breast Cancer Support Group in Watertown, SD



Bush Hog's \$10,000 Donation to Joy of Life Foundation presented in February 2019



Shriners Club \$72,000 check for Children's Hospital in Greenville, SC



## Community

### Specialty Branded Products

#### Nite-Hawk DAV Branded Sweepers

Since 2011, Nite-Hawk has engaged in a partnership with the Disabled American Veterans (DAV) Foundation, a national nonprofit that supports over one million veterans and their families each year. The DAV Foundation assists veterans in accessing healthcare, employment, education, and other necessary services to successfully transition to civilian life. NiteHawk donates to DAV on behalf of customers who purchase a special DAV wrap on their Osprey II and

Raptor II sweepers. In addition to the per-vehicle donations, these specially branded vehicles create increased visibility and public awareness of DAV and Nite-Hawk's commitment to this worthwhile organization.



● DAV Branded Sweeper purchased by Nite-Hawk's customer TSS Faculty Services, Inc.



● Schwarze's Super Vue Gale Force Sweeper at 2019 Labor Day race in Darlington Raceway raising colon cancer awareness

#### Specialty Branding Schwarze's Team – Making a Dream a Reality

Schwarze customer Southern Companies (Southco) has been using a Schwarze Supervac Gale Force sweeper to provide sweeping services to racetracks throughout the Carolinas and is the official sweeping company for Darlington International Raceway in South Carolina. During the 2019 Labor Day race in Darlington Raceway, Southco unveiled its specially branded Supervac covered in a wrap inspired by Southco Vice President, Lauren Ivy's mother, who loved Lilly Pulitzer and fought a courageous battle with stage 4 colon cancer. Brenda Bell and the Schwarze industry team were instrumental in making Ivy's dream a reality.



# GOVERNANCE AND ETHICS

Alamo Group has implemented a strong corporate governance and ethics framework that provides the foundation for all of our corporate responsibility efforts and is consistent with our high standards of operational excellence, ethics, integrity and transparency.

## Corporate Governance

Alamo Group is committed to strong and transparent corporate governance that begins with our Board of Directors. Ultimate oversight of the company rests with our Board of Directors and we seek a diversity of backgrounds and expertise when selecting new board members. We currently have a seven member board with six independent members, including two women. Alamo Group's Board of Directors has three standing committees:



### Audit Committee

- Assists with oversight of the accounting and financial reporting processes and audits of financial statements
- Comprised of four independent members of the Board
- Audit chairperson is financial expert



### Compensation Committee

- Sets and administers policies that govern executive compensation including setting the CEO and Named Executive Officer compensation
- Comprised of four independent members of the Board



### Nominating and Governance Committee

- Identifies individuals qualified to become Alamo Group directors
- Recommends nominees to the Board for election at the annual shareholder meetings
- Oversees governance matters including the regular review of the Company's Code of Conduct
- Oversees the company's sustainability program and develops recommendations for the Board
- Comprised of four independent members of the Board

**Our Corporate Governance Guidelines and Board Committee Charters can be found under the "Our Company/Our Commitment" tab of our website at [www.alamo-group.com](http://www.alamo-group.com).**

## Ethics and Integrity

All Alamo Group employees – from our officers and directors to every individual at any of our operations around the world – hold themselves to the highest standards of business conduct. We are obligated and committed to always conducting our business in a legal, ethical, and responsible manner.

### Code of Business Conduct & Ethics

Our Code of Conduct outlines our commitment to compliance with all applicable laws and regulations including local laws and regulations of each country where we conduct business. It also describes our commitment to, and policies for, doing business with integrity, including provisions on anti-corruption and anti-bribery. The code applies to all company employees, executives and directors. We communicate our Code of Conduct to all of our employees on an annual basis with 100 percent of employees completing the training in 2019. In addition, we maintain a proactive third-party risk management program designed to prevent corruption and promote ethical practices in foreign jurisdictions where we do business.

### Reporting

As part of our Code of Conduct, employees are encouraged to report potential violations of our Code of Conduct. We encourage employees to speak up whenever they observe improper or unethical behavior or actions. Alamo Group does not tolerate retaliation in any form against employees for raising concerns or making good faith reports about possible breaches of law or policy, or ethical violations. We maintain several reporting options, including an anonymous hotline as a confidential means to report violations of our Code, internal policies, or the law. Available 24/7, in the languages of all countries where we operate, the hotline can be accessed on the web or by phone through toll-free numbers.

### Conflict Minerals Policy

Alamo Group's commitment to sustainable business practices extends to our supplier relationships. As demonstrated by our Conflict Minerals Policy and our ongoing conflict minerals reporting program, we support the eradication of human rights abuses including those relating to the Democratic Republic of Congo (DRC) and adjoining countries, where the mining of certain minerals has partially financed the long-standing conflicts and abuses in this region. We are committed to working toward a conflict free supply chain by implementing a management program integrated with our policies and processes to align our worldwide suppliers with this policy.







ALAMO GROUP INC.