



2020 SUSTAINABILITY REPORT



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Many photos in this report were taken prior to the COVID-19 pandemic. As a result, they do not show the required social distancing and personal protective equipment that are currently in place at all Alamo facilities.

Letter from the CEO

2020 was a very challenging year for Alamo Group and all of its stakeholders. The sudden onset of the COVID-19 pandemic early in the year brought significant challenges that forced us to modify our business practices as we worked to protect the health and safety of our employees while continuing our operations around the world.

For much of the year, our focus was on maintaining business continuity. With the health and safety of our employees as our number one priority, we worked hard to implement COVID-19 safety practices and adapted those practices while learning as an organization from the shared experiences across our many facilities. We also took various actions, such as limiting capital expenditures, rolling back pay increases for salaried employees, restricting travel, reducing inventory levels, and delaying discretionary spending in order to preserve our financial stability. Though we were forced to implement temporary furloughs in many

of our manufacturing facilities as customer demand for our products declined, we utilized benefits that were available under various federal and local government programs to help ease the burden on affected employees, and thankfully, we have seen a steady improvement in our business which has allowed us to recall nearly all of our people who had been out on furlough.

Despite the many difficulties encountered, we continued to make progress on our sustainability objectives. In the pages of this report, you will read stories of how we are taking significant strides to reduce our energy use, divert waste from the landfill, promote water conservation, and a variety of other initiatives to help pursue our environmental goals.

While continuously improving the eco-efficiency of our facilities is always a priority, I confess that this year I am most proud of how Alamo Group

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companies are working to find innovative ways to solve our customers' sustainability challenges, with several examples highlighted in this report. We are in constant dialogue with our customers to understand ways that we can continue to meet their needs. When our products help them meet environmental and social goals, our sustainability program comes full circle.

We are building a culture here at Alamo Group that embraces social, environmental, and economic well-being in every part of our organization, and by doing so, we are confident that we will make positive, lasting changes. As we look ahead to 2021 and beyond, we are taking the opportunity to learn from our COVID-19 experiences to build a stronger, more resilient company. That includes better use of technology assets for greater collaboration and improved communications, cost saving methods in many areas that can be applied in a post-COVID environment, and improved cybersecurity protections which were necessary to facilitate a higher level of remote work capability.

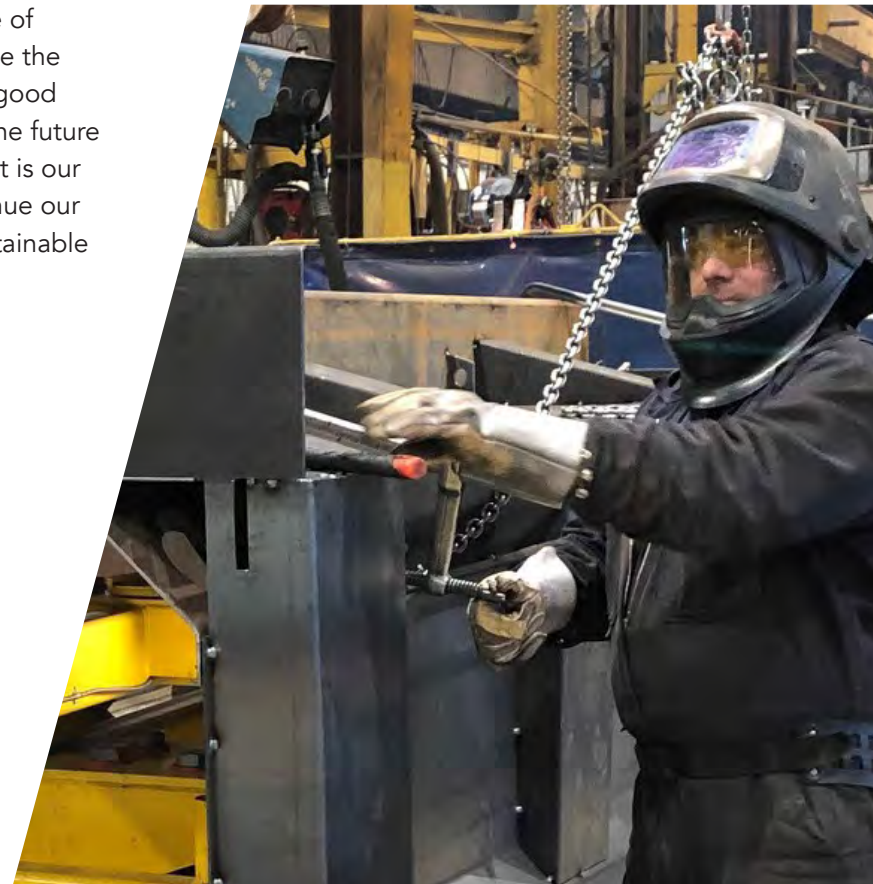
Thanks to the determination and courage of our people, which allowed us to overcome the challenges we faced this past year, I feel good about our business prospects as well as the future of our sustainability program. As always, it is our people who define us and who will continue our progress on the path towards a more sustainable Alamo Group.

Thank you for your continued support.



RONALD A. ROBINSON

Chief Executive Officer and President



About Alamo Group

Alamo Group is a leader in the design, manufacture, distribution, and service of high-quality equipment for infrastructure maintenance, agriculture and other applications. Our products include agricultural implements, excavators, forestry equipment, snow removal equipment, street sweepers, truck and tractor mounted mowing and other vegetation maintenance equipment, vacuum trucks, other industrial equipment, and related after-market parts and services.

The Company operates through two separate operating divisions, namely, the Industrial Division and the Agricultural Division. In 2020, Industrial Division sales accounted for approximately 70 percent of our total Company sales, while Agricultural Division sales accounted for approximately 30 percent of total sales. Most of our products are sold through an international network of independent dealers and distributors, but we do sell some of our products to end-customers on a direct sale basis.

Since its founding in 1969, the Company has grown both organically and through significant acquisition activity. In the last twenty years, Alamo Group has completed more than twenty-five acquisitions. Today, our business objectives remain focused on organic growth, continuous operational improvement, and strategic acquisitions. The Company has approximately 3,990 employees and operates 27 plants in North America, Europe, Australia, and Brazil as of December 31, 2020. Our corporate offices are located in Seguin, Texas.

INDUSTRIAL DIVISION

The Industrial Division of Alamo Group produces a wide range of equipment focused on infrastructure maintenance along highways, airports, and other right-of-way and public areas. The main products include brush cutters, collection equipment, compact loaders, debris grading/ excavating equipment, forestry mulchers, high-pressure

jetting systems, horizontal grinders, snow removal equipment, street sweepers, tractor mounted mowers, trenchers, vacuum trucks, and related aftermarket parts and services. Sales are primarily through independent dealers who sell to governmental entities, related contractors, and other industrial markets.



AGRICULTURAL DIVISION

Alamo's Agricultural Division manufactures a variety of implements for use by farmers and ranchers and, to a lesser extent, contractors, landscapers, and various other end-users. Products in this division include tractor powered rotary and flail mowers, tillage implements, hedge cutters, rock pickers,

front-end loaders and backhoes, snow blowers, zero turn radius mowers, tillers, landscape tools, hay processing tools, other agricultural implements, as well as an extensive range of agricultural aftermarket parts. Sales are primarily through a large network of independent agricultural dealers and distributors.



Our Approach to Sustainability

Alamo Group's approach to sustainability is built around three dimensions: environmental responsibility, people and community, and governance and ethics. Within each dimension we have identified specific material topics that help us focus our efforts where they matter most.

In developing this sustainability framework, we have been guided by external standards like the Sustainability Accounting Standards Board (SASB) and the Taskforce on Climate-Related Financial Disclosures (TCFD).



Sustainability Performance At a Glance

FOCUS	2019 RESULTS	2020 RESULTS	2025 TARGETS
Energy	7.06 total gigajoules of energy used per metric ton shipped	6.38 total gigajoules of energy used per metric ton shipped	6.0 total gigajoules of energy used per metric ton shipped
	18.2% of total electric energy used was renewable energy	19.5% of total electric energy used was renewable energy	20% of total electric energy will be from renewable sources
Emissions (scopes 1 and 2)	0.70 metric tons CO2 emissions per metric ton shipped	0.67 metric tons of CO2e emissions per metric ton shipped	0.60 metric tons of CO2 emissions per metric ton shipped
Water	1.09 cubic meters of water used per metric ton shipped	1.10 cubic meters of water used per metric ton shipped	1.00 cubic meters of water used per metric ton shipped
Waste	33.86 Kg per metric ton shipped of landfill waste	29.29 Kg per metric ton shipped of landfill waste	30.00 Kg of metric ton shipped of landfill waste
	79% of total waste is recycled	82% of total waste is recycled	85% of total waste is recycled
Safety	4.1 recordable injuries per 100 employees	3.7 recordable injuries per 100 employees	3.0 recordable injuries per 100 employees

At the corporate level, ESG strategy is jointly managed by the offices of the General Counsel and the Technical Affairs and Safety team under the direction of the Board of Directors and the Executive Team. At individual Alamo companies, the company presidents, along with their designated sustainability representative, track all the actions taken against sustainability goals, allowing the Company to see progress at the local and global levels.

Data on energy, emissions, water, waste, and safety at each facility is collected and reported monthly. The department of Technical Affairs and Safety compiles reports based on that data, and those reports are regularly reviewed by the senior management team and reviewed by the Board of Directors on at least an annual basis. Based on the reported progress and key indicators, adjustments are made towards achieving ESG milestones based on our 2025 Targets.



Sustainability-related policies can be found [on our website](#), including:

- *Business Code of Conduct*
- *Conflict Minerals Policy & Report*
- *Environmental Policy*
- *Health & Safety Policy*
- *Labor & Human Rights Policy*
- *Supplier Code of Conduct*

ESG OVERSIGHT AND ACCOUNTABILITY

Alamo's sustainability guiding principle is to achieve sustainable, long-term returns on behalf of our stakeholders while attaining positive environmental and social outcomes and upholding good governance practices. To manage our ESG risk, corporate strategy and long-term opportunities, we have built our ESG approach around three main strategies:

Strategic Integration	<ul style="list-style-type: none"> Our business strategy has evolved from focusing exclusively on creating shareholder value to creating shared value, including incorporating sustainability alongside financial returns
Organizational	<ul style="list-style-type: none"> Extending from the boardroom to the loading dock, identifying and managing sustainability issues is a cross-functional business strategy for our organization
Operational Integration	<ul style="list-style-type: none"> Because what gets measured gets managed, we identify and communicate specific, measurable time-bound goals to hold the Company accountable for its sustainability strategy

STAKEHOLDER ENGAGEMENT

Every business unit and operating company is responsible for engaging with stakeholders throughout the year, to understand their sustainability priorities and expectations. This process is embedded into individual departments so that each stakeholder is connected to the relevant team at Alamo Group: suppliers through our strategic procurement and sourcing teams, employees through our human resources and health and safety teams, and customers through our marketing, sales and customer service teams. At the corporate level, our investor relations team is responsible for engaging with our financial stakeholders.



STAKEHOLDER GROUP	WAYS WE ENGAGE	STAKEHOLDER PRIORITIES
Investors	<ul style="list-style-type: none"> One-on-one meetings Roadshows and conferences Discussions with the Executive Team Press and media relations Annual general meeting of shareholders 	<ul style="list-style-type: none"> Responsible, long-term growth Mitigating environmental and social risk Good corporate governance Protecting shareholder value
Customers	<ul style="list-style-type: none"> Direct engagement with sales team Product demos, roadshows and trade shows Customer training Surveys and product reviews 	<ul style="list-style-type: none"> Product quality, safety, and efficiency Great customer service Providing products that help customers meet environment and safety goals
Employees	<ul style="list-style-type: none"> Open-door policy Performance reviews Town hall meetings Intranet and employee-specific communication tools 	<ul style="list-style-type: none"> Competitive compensation and benefits Safe and healthy workplace Growth opportunities and career advancement
Suppliers	<ul style="list-style-type: none"> Supplier onboarding Annual performance management and review meetings 	<ul style="list-style-type: none"> Fair and competitive terms Opportunities for collaboration
Local Communities	<ul style="list-style-type: none"> Fundraisers and philanthropy Volunteering with local organizations Local hiring initiatives 	<ul style="list-style-type: none"> Respectful community partnerships Employment opportunities for community members Mitigation of nuisance issues like noise and pollution
Industry Associations	<ul style="list-style-type: none"> Corporate memberships Leadership in committees and working groups Strategic partnerships Participation in conferences and group events 	<ul style="list-style-type: none"> Sharing of best practices Collaboration on industry issues Engagement on public policy issues



COLLABORATION WITH CUSTOMERS BRINGS BIG SUSTAINABILITY WINS

Inland marine waterways can be tricky to maintain, with invasive plants and debris that need to be removed while still protecting fish that live in that environment. In the Netherlands, regional government bodies take aquatic protection very seriously, requiring contractors to release any fish inadvertently captured in the maintenance process back into the water by hand, which is costly and time-consuming, and also stressful for the fish. Any contractor found with dead fish onshore is liable and can be penalized or lose the awarded contract for future work.

To solve this problem, Alamo's Herder facility in the Netherlands introduced a new product in 2020: The Fish Protector. It is a submersible lighting system that attaches to the mowing machine, which is used to gather vegetation clippings during waterway ditch maintenance. Fish are startled by the bright light and move away from the machinery, preventing them from being captured in the mowing basket. This product was developed in collaboration with customer Gebroeders Tolenaars, a contractor that specializes in agricultural mowing and waterway maintenance for municipalities and water boards.

Environmental Responsibility

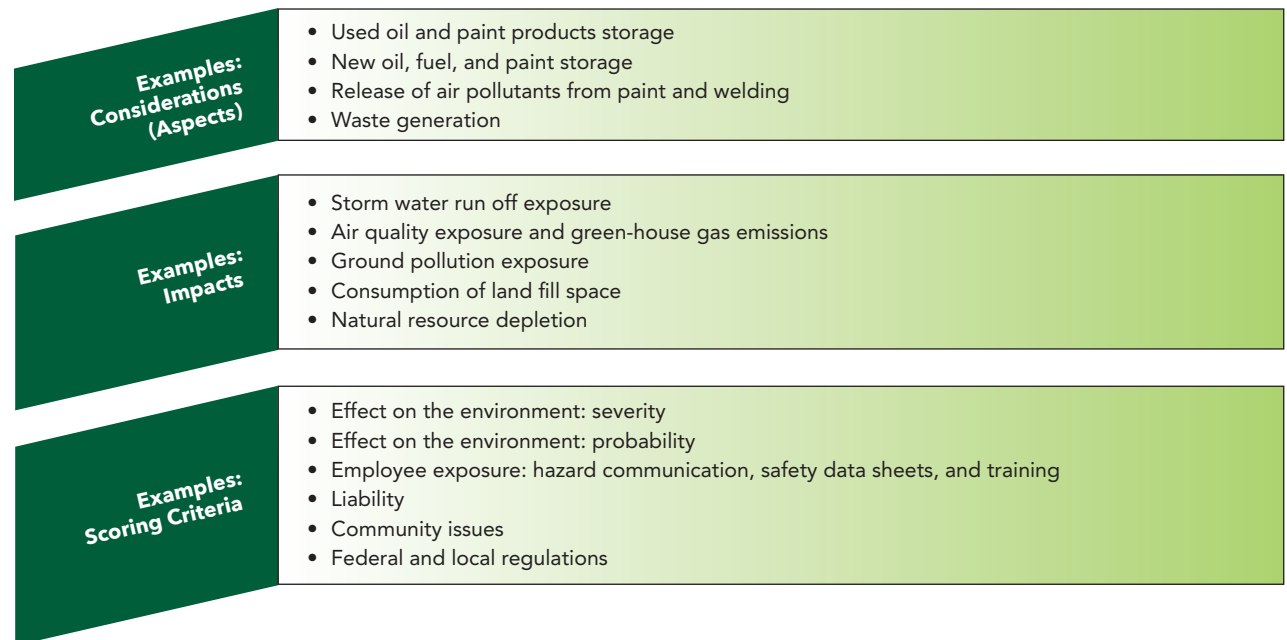
At Alamo Group, our environmental responsibility covers both the efficient use of natural resources in our facilities and the development of new products with sustainability goals in mind.

In our facilities, the primary areas of focus are energy, emissions, water, and waste management, all guided by a corporate environmental policy that includes:



In addition, each operating company and facility has the flexibility to design a risk-based environmental management system that addresses its unique impacts, using a group-level risk assessment that examines key environmental aspects and their impacts. Based on the results of the risk assessment, appropriate management and mitigation steps are taken, including employee training, installation of environmental control equipment, and efficiency initiatives.

Environmental Risk Assessment



To ensure robust oversight of environmental issues, Alamo Group company presidents are accountable for the environmental compliance of their Company facilities. Each company president assigns a site representative or Environment, Health and Safety (EHS) manager to oversee compliance with the environmental permits and regulations that apply to their facility. This person is responsible for the day-to-day management of environmental issues, including compliance, performance tracking, and continuous improvement. Data provided by each facility is aggregated at the corporate level and reviewed by executive management and the Board of Directors on at least an annual basis.



ENERGY OPTIMIZATION

A core element of our environmental strategy is to make our facilities more energy efficient, and this approach has both environmental and financial benefits. The corporate Technical Affairs and Safety team continuously works with the Alamo companies to help them identify opportunities to reduce consumption and lower costs.

To understand the scope of energy reduction opportunities across the Company, some of our facilities have conducted energy audits to identify key energy drivers and develop an energy management strategy. These audits have allowed facilities to quantify how much energy each department is consuming and identify peak consumption times throughout the year. Based on the findings, facilities have developed recommendations that prioritize opportunities with the best return on investment.

Energy Optimization Strategies Currently Underway

- 1 Optimize air compressors:** Industrial air compressors are responsible for high amounts of energy consumption and waste. Some are poorly designed, while others are improperly maintained. Retrofitting or replacing inefficient air compressors can result in significant energy savings.
- 2 Conduct HVAC system audits:** HVAC systems are responsible for maintaining air quality and comfort on a production floor. The systems are also responsible for nearly 52 percent of a building's total energy consumption. Based on their findings, some of our facilities are investing in programmable timed thermostats, investing in a demand-controlled ventilation (DCV) system, or simply repairing and insulating. These changes resulted in an overall reduction of HVAC energy consumption across the Company.
- 3 Upgrade to renewable energy sources:** Upgrading to reusable energy sources that are pollution free and cause no greenhouse gases like solar or wind energy, where it is feasible. For example, in 2020 Alamo approved an investment of over \$500,000 for the installation of a 389 kW roof mounted solar array that will provide over 450,000 kW per year of renewable energy to Super Products' 120,000 square foot facility located in Mukwonago, WI.
- 4 Install smart devices and artificial intelligence:** Connected assets throughout a facility can yield insights into real-time and historical energy use, enabling plants to streamline energy and resources from a bottom-line perspective. These technologies also enable us to quantify the CO2 emissions of our processes to further reduce our Company-wide emissions.

Our aim is to reduce by 14 percent the release of CO2 emissions or reduce by .04 metric tons per metric ton shipped by 2025.



CASE STUDY: GRADALL LIGHTING RETROFIT

Alamo Group's Gradall Industries of New Philadelphia, Ohio has a long history of undertaking projects to minimize its environmental impact, and in 2020 decided to examine lighting efficiency opportunities across its 465,000 square foot facility. The solution was to install energy-efficient LEDs to replace fluorescent lights, along with a lighting controls system network to dim or turn off lights as needed. The new controls system provides a dashboard, real-time lamp outage reports, and the ability to remotely adjust light levels in any area to provide sufficient light when needed, while reducing or eliminating illumination when no one is around. To help offset the significant investment in this project totaling approximately \$500,000, Gradall took advantage of an incentive rebate program offered by its utility company, which provided approximately \$125,000 to help cover the the initial investment. In the first six months of the project, Gradall has saved 1,281,186 kWh of electricity, and is on track to meeting its goal of achieving 2,999,391 kWh of energy savings with cost savings of more than \$250,000 in 2021.

Energy Performance

	UNIT	2019	2020	2025 TARGET
Energy	GJ of energy used/metric ton of product shipped	7.06	6.38	6.00
Renewable Energy from Electricity*	Renewable energy/total energy	18.2%	19.5%	20.0%

* In 2020, 100 percent of our electricity used was from the grid, which was our only source of renewable energy. Approximately 19 percent of our grid electricity was from renewable sources.

Energy Conservation Initiatives

REGION	PROJECT	TOTAL INVESTMENT
North America	HVAC upgrades (3) Air compressor upgrades (3) Air handler unit replacement (1) LED lighting upgrades (4) Paint booth furnace replacement (1) Boiler upgrade (1)	\$1,062,098
Europe and South America	HVAC upgrades (7) LED lighting upgrades (4) Air compressor replacement (1)	\$81,639

CASE STUDY: BRAZIL CONVERTS TO 100 PERCENT HYDROPOWER IN 2020

Brazil is the second largest producer of electricity from hydroelectric power in the world with over 75 percent of Brazil's electrical energy supported by renewable energy (hydroelectric, wind power and solar). In 2020, Alamo's Santa Izabel facility in Sao Joao Da Boa Vista, SP, Brazil converted its energy usage to 100 percent renewable energy, primarily hydroelectric energy. Its supplier COPEL, Companhia Paranaense de Energia, a Brazilian electric utility company of the State of Paraná, supplies renewable energy from its own 29 plants, which includes 16 hydroelectric plants, one thermal plant and 12 wind plants.

CLIMATE RISK AND CARBON EMISSIONS

At the corporate level, Alamo Group tracks and monitors carbon emissions from our operations around the world, looking for trends and opportunities to reduce our environmental impact. Our Technical Affairs and Safety team works with each facility to collect data, provide ideas for improvement, and plan ahead for projects that will reduce emissions. In addition, individual Alamo companies are evaluating their options to mitigate climate-related costs and risks across the value chain. Many are now devising strategies to reduce risk and find competitive advantages as a matter of operational effectiveness. These strategies are grounded with regular energy and carbon emissions tracking, so that each facility can be monitored for progress.

Carbon Emissions Performance

	UNIT	2019	2020	2025 TARGET
Scope 1&2 GHG Emissions	Metric tons CO ₂ -e/metric tons of product shipped	0.70	0.67	0.60



CASE STUDY: PLANNING SALES DEMOS MORE EFFICIENTLY AT SUPER PRODUCTS

In 2020, Super Products rolled out a mapping software application to plan sales trips more effectively to prospective customers, saving employees travel time and reducing the number of individual trips made. Regional Sales Managers worked with dealers to compile a list of opportunities and based on their input they mapped each request across the United States and generated two months of demos with efficient routes for each region. Not only did this approach have an environmental benefit by reducing total travel miles, but it also correlated with an increase in sales activity. Based on the positive feedback from all parties involved, Super Products will continue to use this process going forward to optimize its sales travel planning.



CASE STUDY: REDUCING WELD COVER GAS USE BY 40 PERCENT

When welding two pieces of metal together, shielding gases are used to protect the weld area from oxygen and water vapor. These shielding gases can have significant greenhouse gas (GHG) emissions. To control weld gas consumption more strategically, Alamo's Santa Izabel plant in São João da Boa Vista, Brazil introduced a new weld gas Automatic Control System (ACS) in 2020. This system keeps the weld gases flowing at just the right speed, providing improved delivery of weld gases flowing more smoothly over the weld pool that shuts off immediately at the end of the weld. The ACS allows welders to further reduce shielding gas use by reducing "gas blast" and wasteful excess starts. Overall, the ACS control system has resulted in a 40 percent savings in the facility's use of weld gas, while maintaining the quality and speed of the process.

WASTE

Alamo Group companies are responsible for designing and implementing waste reduction strategies that are tailored to their operations, their geography, and their product lines. Each facility approach includes waste minimization through careful selection of incoming materials, a focus on reuse and recycling, and safe disposal of waste products.



1. Managing Hazardous Waste - Our manufacturing facilities inevitably produce or handle some form of hazardous waste material during normal production or maintenance operations. Most of the hazardous waste material handled includes fluorescent light bulbs, used oil and oil absorbent, paint waste products, spent aerosol cans (paint or other flammables) and used paint prep system chemicals, leather products, and scrap metal. Alamo companies comply with all EPA rules and regulations, and any other federal, state or local laws on how these products must be properly stored, handled, shipped, or recycled to limit exposure potential as well as all international standards that apply to us in the locations where we operate.

2. Reducing Non-Hazardous Waste - For non-hazardous waste, our priority is to reduce waste at the source by purchasing and bringing into our facilities only what is needed. We regularly seek out opportunities to divert waste from the landfill through creative solutions. Where we find approaches that work, we share them with our other companies around the world. We have found solutions requiring little, if any, investment, ensuring that our progress makes business as well as environmental sense. Some of the shared successes include using recycled cardboard boxes as filler for packing materials, creating re-usable pallets for parts delivery from vendors, as well as product delivery to dealers to eliminate the use of wood pallets, and recycling initiatives for paper and plastic from offices and breakrooms.

3. Reuse and Recycling Waste - Maintaining a comprehensive waste recovery process is critical to sustainability at Alamo Group, including the reduction of the use of raw materials and responsible waste recycling. Our recycling strategy applies to a wide range of items from scrap steel to used tires, pallets, and cardboard boxes, with some operations even composting organic waste. The largest portion of recyclable waste produced in our companies is scrap metal, primarily steel. With all our facilities selling scrap metal for recovery, it is not only reused, but it also can become a way to recoup a percentage of our cost of sale of goods. In 2020, more than 7,000 tons of scrap metal were sold into the secondary market from our North American facilities alone.

Our Technical Affairs and Safety team provides oversight to the waste management process with guidance to the facilities in their optimization of waste management practices. Key waste metrics are collected monthly and aggregated across the Company, so that we can monitor progress across the year. These results are reviewed quarterly by our senior management team.

Waste and Recycling Performance

	UNIT	2019	2020	2025 TARGET
Waste	KG of landfill waste generated per metric ton of product shipped	33.86	29.29	30.00
Recycling	Percentage of total waste recycled	79.08%	82.02%	85.00%





CASE STUDY: SUPER PRODUCTS' RETURNABLE RACKS ELIMINATE WOOD PALLETS

As part of their continuous improvement efforts, Alamo's Super Products business in Mukwonago, Wisconsin developed 16 returnable metal racks for several larger purchased items as an alternative to using the traditional wood pallets. The custom-engineered returnable rack solution ensures that these returnable racks are designed for their product and workflow, not anyone else's. A reusable solution that saves an average of 70 percent of much needed floor space, as these are stackable, unlike products banded to pallets. Not only eliminating the wood pallet disposal or recycling efforts once they are no longer of use, additional benefits include that employees are able to work directly on the returnable racks, eliminating the need to have the parts removed from the pallet and stack them on a rack in the work area. This feature reduces material handling cost and risk of injury for workers.

CASE STUDY: TENCO REDUCES WASTE-TO-LANDFILL BY 40 PERCENT

Alamo's Tenco facility located in St-Valérien-de-Milton, Québec, Canada made significant strides in its waste management program in 2020 by implementing a centralized recycling program. Employees segregate their waste into separate receptacles for organic waste for composting, paper, glass, and metal for recycling. In addition, an external supplier shreds unusable pallets and other used wood for use as animal bedding material and wood chips for landscaping and insulation of fruit trees in orchards. This comprehensive approach to waste diversion has allowed Tenco to reduce the amount of its non-hazardous waste by 40 percent.

WATER

We depend on sustainable access to water to keep our manufacturing operations running, to sustain our heating and cooling systems, to clean our products and facilities, and for sanitation needs within the manufacturing facility.

At our individual sites, our engineers work closely with our corporate EHS managers to implement water conservation and wastewater treatment measures. Sharing best practices provides examples of successful measures and enables EHS managers to exchange ideas and lessons learned. In addition, each Company performs regular EHS audits, including an evaluation of their water management practices, at production and operation facilities.

Based on these audits, many of our companies have found ways to optimize their water use by rethinking processes, safely reusing water within processes where possible, treating water or wastewater and directing it to a beneficial use either on or offsite, and returning recycled water to the local watershed where it was originally sourced to reduce overall demand on their operations. This has been particularly successful for our operations located in rain rich environments like Brazil, The Netherlands and the UK, where our facilities have implemented rainwater harvesting programs to reduce water consumption and increase efficiency while reducing costs.

Water Performance

	UNIT	2019	2020	2025 TARGET
Water	Cubic meters of water used per metric ton of product shipped	1.09	1.10	1.00





CASE STUDY: NITEHAWK COMMITTED TO PROTECTING THE WATERS OF THE GREEN RIVER AREA

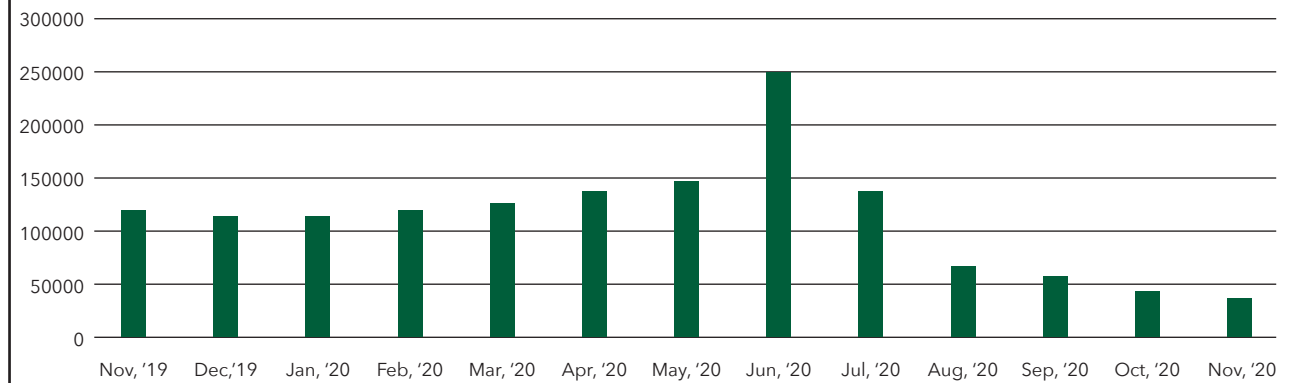
Alamo's NiteHawk Sweepers production facility is located in western Washington State alongside the Green River, which flows 93 miles from the Cascade Mountains to the Puget Sound. It is fed by 148,000 watershed acres of forests, creeks, and streams and is home to a diversity of wildlife, including salmon, black bears, cougars, ospreys, Canadian geese, and bald eagles. In coordination with the City of Kent, Nitehawk is committed to mitigating disruptions to the river and the surrounding ecosystems, preserving it as a space where local wildlife can thrive. Such efforts include:

- Using only non-invasive, native plant species in their landscaping. For example, ground covers like English Ivy are popular in commercial landscaping and are legal and accessible, but they crowd out local plants and decrease biodiversity.
- Keeping large trees throughout the property. Though removing trees would be easier for property management purposes, preserving them on the property offers shade vital to keeping river water temperatures cool so species like salmon can thrive.
- Maintaining a landscaping "screen" that is a mixture of deciduous trees, evergreen trees, and local shrubs around the NiteHawk facility to prevent river erosion and provide homes for local wildlife.



CASE STUDY: SOLVING A WATER MYSTERY IN SEGUIN, TEXAS

SEGUIN TX WATER USAGE METER #1 GALLONS



From 2018 to the beginning of 2020, water consumption at Alamo Industrial's Seguin, Texas manufacturing facility jumped more than 50 percent, an increase that defied simple explanation. After several weeks of investigation by the plant manager and maintenance team, it was clear that usage did not match up to production activity, suggesting a leak.

Over several days, the team shut off sections of water line one at a time and found leaks in the facility's underground water pipes. One leak was located under the concrete floor in an old R&D area and a second leak was

found outside the IT building in a broken section of PVC pipe that supplied water to the building. Working with the City of Seguin Water Department, a third leak was located and repaired under the parking lot in the back of the facility.

The result was immediately apparent as water use in the second half of 2020 dipped to less than half of the 2019 average for the same time period. In addition to conserving a precious resource there was also a financial gain, with realized savings of over a thousand dollars a month.

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.



PRODUCT INNOVATION EXAMPLES

Fighting Invasive Species

A successful collaboration between Alamo's Conver and one of its customers, Harkboot.nl, resulted in the development of a modified mowing (rake) boat and raking method to fight aquatic root plants in waterways, including exotic plant species that are difficult to remove and reduce the diversity of plants in waterways. Unlike normal mowing operations, this new raking technology eradicates invasive plant species at the root level. This cooperation is an essential step in the development of new methods in the contemporary maintenance of waterways.

Reducing Noise and Dust Pollution

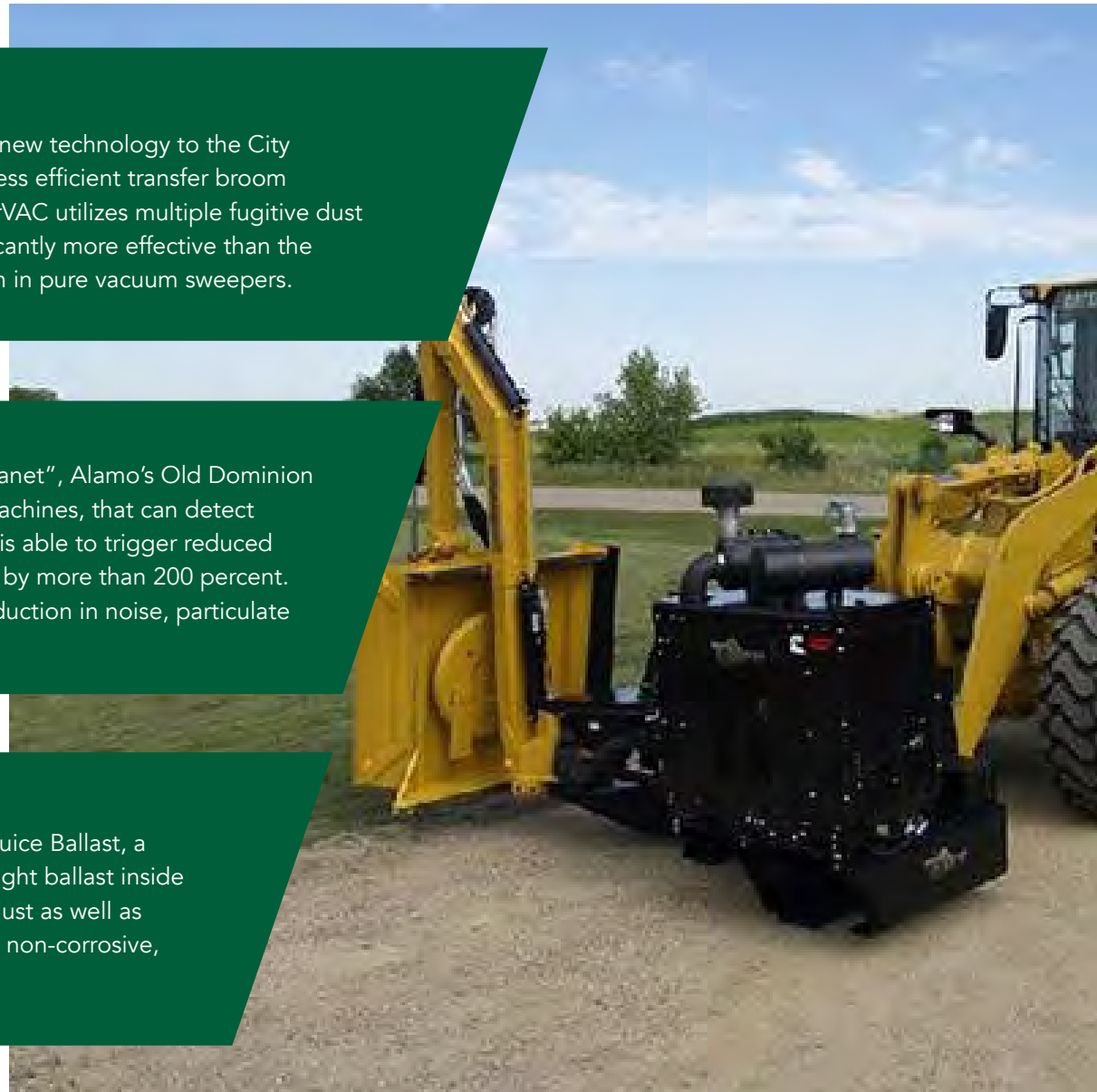
The Schwarze HyperVAC Pure Vacuum Street Sweeper is delivering new technology to the City of Urbandale, Iowa to address issues of noise, dust emissions, and less efficient transfer broom performance exhibited in their older machines. The Schwarze HyperVAC utilizes multiple fugitive dust control strategies and a digger broom transfer array, which is significantly more effective than the competition in reducing the release of contaminant air typically seen in pure vacuum sweepers.

Eco Mode to Reduce Fuel Consumption

With a vision to create products that are “Engineered for a Green Planet”, Alamo’s Old Dominion Brush Company created Eco Mode, a sensor for its leaf collection machines, that can detect when leaves and debris are moving into the fan housing, and if not, is able to trigger reduced engine speed automatically, significantly reducing fuel consumption by more than 200 percent. Added benefits of Eco Mode include an approximate 50 percent reduction in noise, particulate velocity, and moving component wear.

Creative Waste Reuse

Driven by customer demand, Alamo’s Tiger Corporation uses Beet Juice Ballast, a byproduct of the sugar beet manufacturing process, as a counterweight ballast inside one or more of its outer tires on several mower models. It functions just as well as traditional tire ballast like calcium chloride, methanol or water, but is non-corrosive, non-toxic and animal food grade safe, in case of a tire blowout.



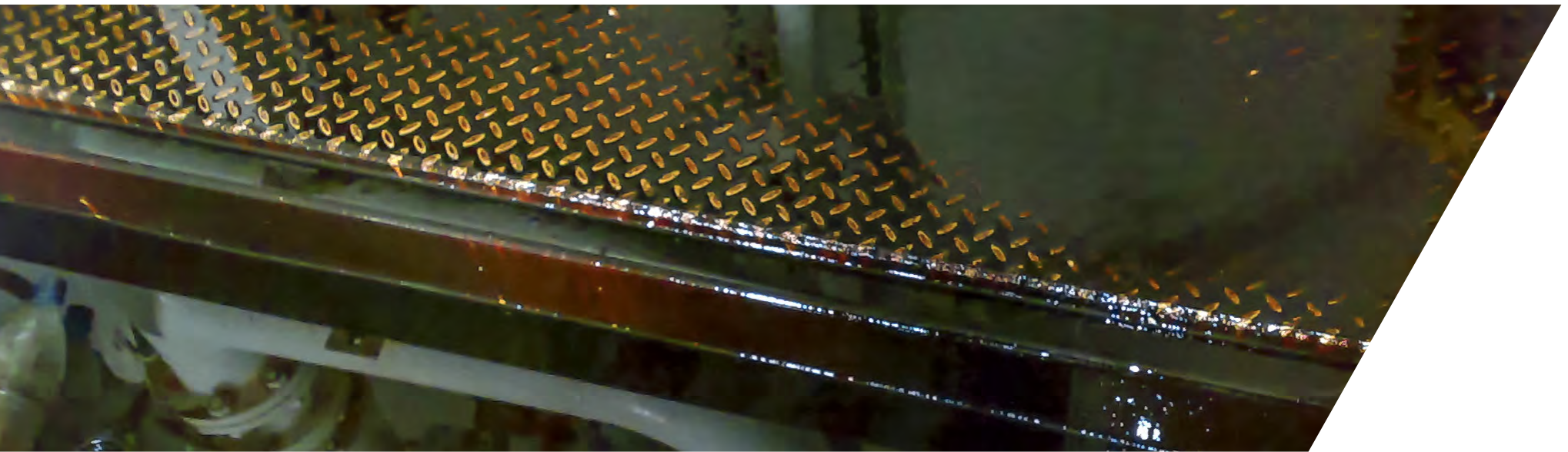
Ecodesign Principles Increase Efficiency, Reduce Noise and Pollutants, and Provide Alternative Fuel Options

Nitehawk's single-engine hydraulic design reduces carbon emissions, consuming up to 75 percent less fuel than dual-engine sweepers. Much quieter than a dual-engine sweeper, Nitehawk's hydraulic system produces between 65 and 68 decibels when operating at full power unlike a typical dual-engine machine which produces in excess of 102 decibels. NiteHawk also offers alternative fuel builds on all models like propane and CNG, which burn up 99.9 percent of the fuel source, unlike gas engines that contain pollutant additives, reducing emissions by 60-70 percent compared to gasoline.

Improving Energy Efficiency Through Electrification

Rousseaus' newly developed E-TP electric range tractor-attached arm mowers offer significant environmental benefits to clients: lower fuel consumption, reduced CO2 emissions, and lower noise levels. As opposed to the traditional method of delivering mechanical power from a tractor to the mower cutting head by way of a hydraulic system, the E-TP arm mower converts mechanical energy to electrical energy through an on-board generator and power electronics system, resulting in much greater energy efficiency. Also, because it does not require oil changes, this machinery can be used adjacent to waterways without the danger of oil leakage.





MANAGING HARMFUL CHEMICALS

For Alamo Group companies, harmful chemicals must be treated as a risk both in the workplace and wherever our products are being used. Harmful chemicals are stored, handled, and managed in accordance with strict regulations to avoid harm to employees, members of the public, property, and the environment. These chemicals are managed in our facilities by meeting or exceeding all applicable rules and regulations required by all national, state or provincial and local employee safety, environmental protection and transportation agencies, and governing bodies that have specific requirements for handling chemicals. Extensive employee training to help workers identify hazardous chemicals, assess and control their risks in the workplace, understand the regulatory requirements, and safely store and transport such materials is conducted at least annually.

Storing Harmful Chemicals

Our companies follow strict guidance from governmental authorities and consultants to provide proper and safe storage of all harmful chemicals in accordance with criteria for fire prevention, spill prevention, storm water runoff, air emissions, and employee hazard awareness.

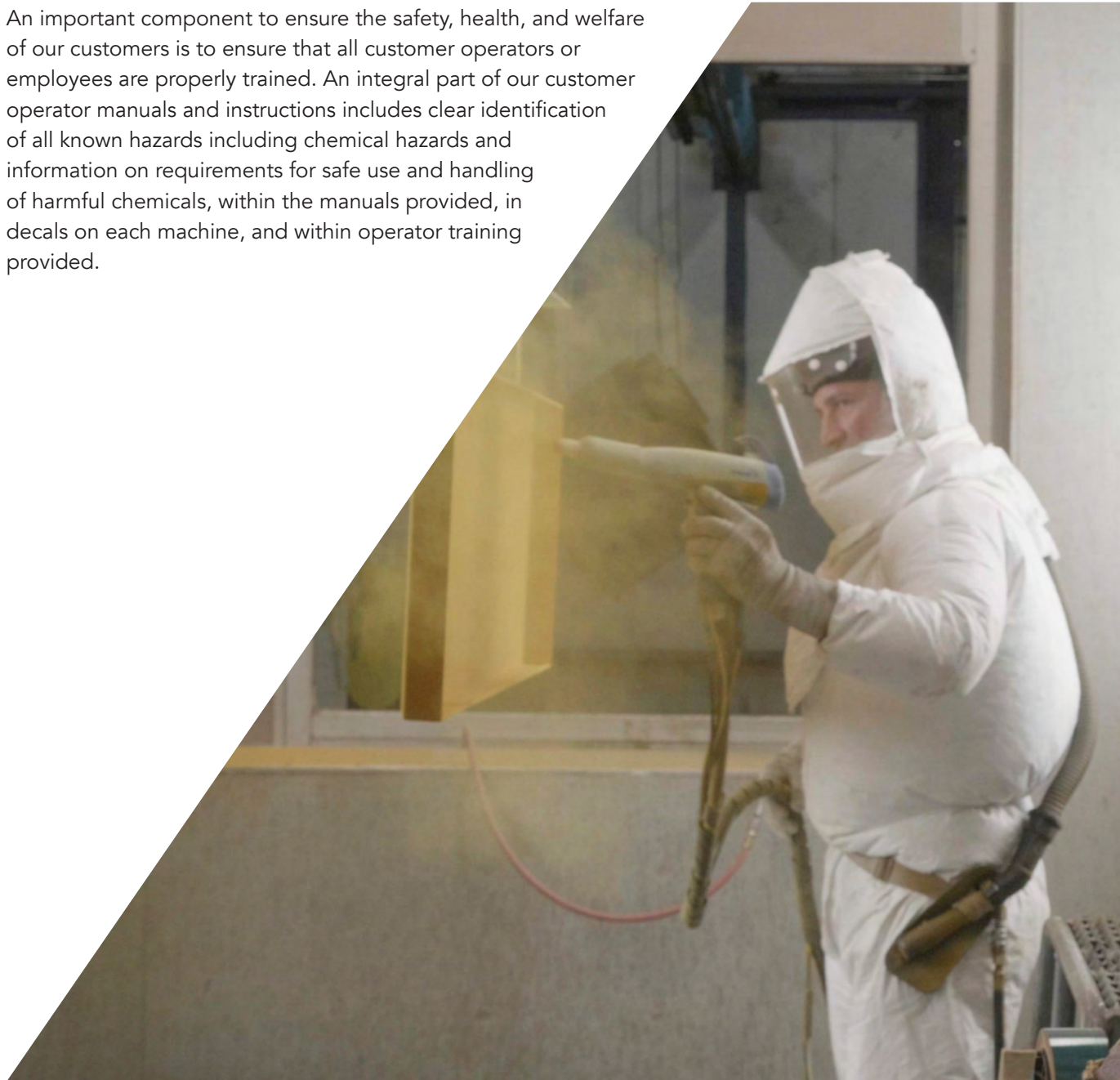
Shipping Chemicals

Our companies make every effort to eliminate the need to provide shipment of harmful chemicals such as paint and oil. Any shipment of harmful chemicals must comply with various national or local governmental requirements for certification, minimum quantities, and certified training of operators.

Alamo Group also provides additional considerations to reduce the use or potential exposure of harmful chemicals. These include but are not limited to the following:

- The design of some electric powered equipment to reduce use of oils
- Conversion from liquid paint to powder coating in some companies to reduce hazardous material use, hazardous waste generation, and volatile organic compound emissions
- Product design to minimize use of hydraulic oils such as with closed loop systems using external cooling
- Recycling of all used oil per federal or governmental requirements
- Expanding the use of vegetable-based oils and non-toxic chemicals, where possible

An important component to ensure the safety, health, and welfare of our customers is to ensure that all customer operators or employees are properly trained. An integral part of our customer operator manuals and instructions includes clear identification of all known hazards including chemical hazards and information on requirements for safe use and handling of harmful chemicals, within the manuals provided, in decals on each machine, and within operator training provided.





CASE STUDY: SUPER PRODUCTS' NEW POWDER PAINT PROCESS

Super Products' state-of-the-art facility in the village of Mukwonago, Wisconsin has a new in-house powder paint line where it is now painting all color match components on its trucks. This new system has greatly improved coating impact strength and corrosion resistance compared to liquid spray paint. Corrosion resistance is measured by the time lapsed before showing evidence of red rust in a salt spray booth. While liquid spray typically withstands 400 hours, Super Products' powder paint can last over 700 hours, and it generates less hazardous waste than the traditional wet paint process. Super Products has also developed and implemented instructions for loading the paint line carts to promote safety during painting operations.



People & Communities

Our employees are critical to the future success of our business, and we work hard to maintain a culture that fosters employee engagement and development. We aim to provide a positive work environment by prioritizing worker health and safety, and offering career advancement, training and development.

While our human resources function is centralized under the leadership of our Vice President of Human Resources based at our corporate headquarters in Seguin, Texas, all of our operating companies have locally-based HR teams that implement Company-wide priorities and policies, create quality local development plans, and ensure ongoing legal compliance.

We are also mindful of the communities in which we operate. Driven by the skills and enthusiasm of our people, we work towards bringing together the elements of our culture that have made us successful and carry them into the communities that surround us and where our employees live.

Our community involvement is handled at the corporate level and at each Alamo Company separately. Though our priorities vary from one community to another, we generally aim to increase awareness and engagement for diversity and inclusion, the environment, health and safety, employability, entrepreneurship, social responsibility, and education, with a special focus on developing technical and professional skills. Social engagement is an integral part of our history and remains a key commitment today for the Alamo Group companies.



HEALTH & SAFETY

At Alamo Group, it is our responsibility to maintain a safe and healthy workplace in each of our facilities. We do this by embedding safety into every level of the organization as one of our core values.

- At the corporate level, our Technical Affairs and Safety team has full oversight of identifying, controlling, and investigating hazards at each Company location, ensuring overall compliance, coaching performance, and training employees and users on safe work practices, conducting EHS audits, and implementing culture conducive to safety and continuous improvement.
- Alamo Group companies each have their own safety and health management programs and EHS employees who help focus efforts on improving work environments and defining what an organization does to prevent injuries and illnesses in the workplace.
- Each facility is responsible for creating a culture of safety with employees constantly looking out for each other, including the empowerment to act if they observe unsafe or risky actions by employees or others. Each facility must provide proper education, training, and personal protective equipment (PPE) to employees.
- Every employee is responsible for understanding and practicing appropriate safety procedures and following applicable safety rules, regulations, and standards. Employees are trained to be aware of what is going on in their surroundings and are expected to actively contribute to a safe environment for their colleagues.

Alamo Group has created a reporting pathway to ensure that safety performance is tracked, aggregated, and reviewed on an ongoing basis. Our corporate Technical Affairs and Safety team collects data on recordable injury rates, serious injury rates, and near misses from each Alamo company. This data is reviewed individually, and then aggregated by operating company and at the group level. These results are reported directly to the executive leadership team on a quarterly basis and to the Company's Board of Directors on at least an annual basis.

Safety Performance

INDICATOR	2019	2020
Fatality Rate (# of fatalities/ 100 employees)	0.00	0.00
Recordable Rate (# of injuries/ 100 employees)	4.06	3.65
DART Rate (# of serious injuries/ 100 employees)	2.70	2.00



CASE STUDY: SAFETY PRECAUTIONS DURING COVID-19

As the COVID-19 pandemic unfolded, Alamo Group immediately responded to prioritize the safety and wellbeing of our employees, and we continued to do so during the course of the year.

With the exception of several temporary plant closures that occurred in March and April of 2020 at some of our locations, we were able to maintain business operations at levels of capacity that varied by location as a function of customer demand, government restrictions, and COVID-19 intensity, among other factors.

Our facilities performed admirably, quickly adapting to the COVID-19 environment by implementing various measures aimed at protecting the safety and well-being of our shop-floor and office employees. These measures included:

- COVID-19 case tracking and quarantining where and when necessary
- Daily temperature checks
- Cancellation of all unnecessary corporate travel
- Expanded the use of internal video meetings and implementation of related technology
- Implementing remote work policies supported by new software and technologies
- Implementing third party visitor restrictions
- Mandating face coverings (except where hazardous)
- Modification of work schedules to include remote work
- Reconfiguration of workstations to allow for appropriate distancing
- Regular facility sanitizations
- Widely distributing hand-sanitizer

While a lot of time and attention was focused on COVID-19 related safety precautions this year, we were unwilling to sacrifice continued progress on our global plant safety objectives. The Company's corporate Technical Affairs and Safety department performs in-person auditing at all of our facilities on an annual basis and visits many of our facilities to improve overall plant safety. The team also facilitates monthly web-based meetings and hosts annual Company-wide safety meetings of individual business unit safety and environmental managers to discuss current events, share best practices, and develop intercompany dialogue.

In response to the pandemic, in 2020 the corporate Technical Affairs and Safety team shifted to providing virtual instructor led safety video presentations and web-based safety training support. In addition, web-based virtual auditing was developed and implemented during the year. These virtual tools proved to be highly effective, and while the safety team is looking forward to conducting more in-person events in 2021, they will continue to use virtual communications as part of their ongoing continuous improvement program.





2020 WORKPLACE HIGHLIGHTS

Biometric Screening

Biometric Screenings were offered in November and December for US-based employees. They are free to employees through the Alamo Group Wellness Program and offer a great opportunity for employees to be better informed about their health, and most importantly, to save them money. Biometric screenings are one of the ways that employees can complete their requirement for the wellness discount on their health plan premiums, ensuring they are rewarded or retain their wellness incentive going into 2021.

Investing in Mental Health

With the strain on mental health caused by the COVID-19 pandemic, Schulte Industries in Canada sent one employee to be certified to provide Mental Health First Aid. This training teaches individuals how to help someone who is developing a mental health problem or experiencing a mental health crisis. Schulte Industries is using this program to raise awareness on the seriousness of mental health problems and on the wide variety of resources available to them. In addition, over the course of the year, monthly webinars were offered to Alamo employees covering mental and physical health issues as well as stress management.

Ergonomic Improvements

One of Alamo's Super Products safety initiatives was to implement the use of battery-operated pallet jacks. Eliminating the use of manually propelled pallet lifts and replacing them with self-propelled units reduces the potential of muscle strain for our material handlers, allowing them to raise the load to the correct height while unloading parts. In addition, when using a battery pallet jack no fumes are produced thus eliminating the risk of carbon monoxide poisoning, something highly important for enclosed workspaces.



WORKFORCE EXCELLENCE

Maintaining a vital, engaged workforce has a significant impact on the bottom line for our business, and our companies are dedicated to instilling workforce excellence by:

- Providing a compelling, positive vision so that every employee understands the Company's goals and future direction.
- Empowering employees to create new products, processes, or services, or solve significant organizational or industry problems through continuous improvement and innovation.
- Clearly defining what is expected of employees, providing ongoing feedback regarding their performance, and holding them accountable to performance standards.
- Providing employees with continuous training and learning opportunities for advancement and growth.
- Creating a team atmosphere where each team member accepts responsibility, is held accountable, earns recognition for their contributions, and produces extraordinary results so the team can win.

Benefits

In addition to salary, benefits offered to employees vary by Company location, country, or region. For our US-based companies, the most common benefits include medical, dental and vision, wellness programs, short and long

term-disability, life insurance, retirement benefits, holidays and other paid time off, sick days, vacation days, and fringe benefits such as tuition assistance, dependent scholarships, childcare reimbursement, flexible spending accounts, cafeteria subsidies, employee discounts, and profit sharing and/or performance bonus eligibility. Similar benefits are offered to our employees in other countries based on local laws and traditions.

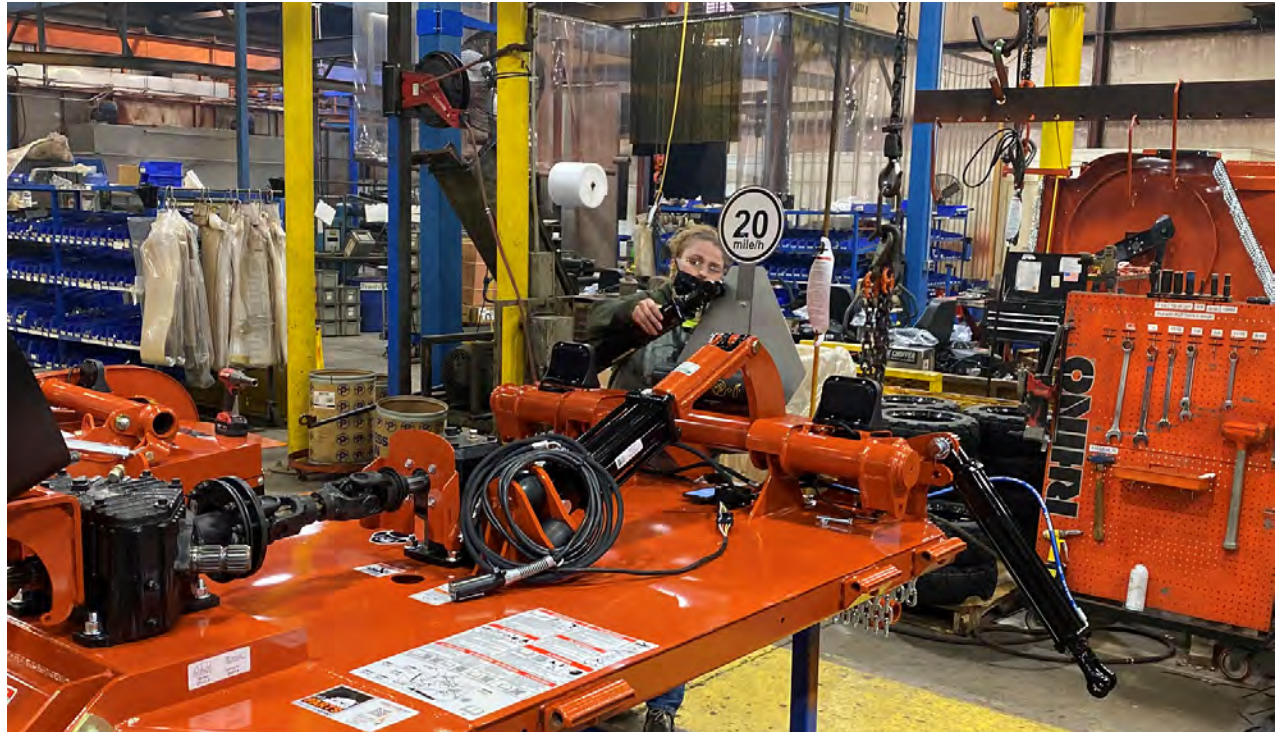
Labor and Human Rights

Our commitment to respecting and protecting labor and human rights applies to all Alamo Group Company locations worldwide. We expect each employee to act lawfully and respectfully toward other employees, colleagues, business partners, customers, and those in local communities as outlined in our Code of Business Conduct & Ethics and other related Company-wide policies including our Labor and Human Rights Policy. We ensure protection of employee rights and entitlements through policies and procedures established by the corporate Human Resources and Legal Departments. All new and current employees, including Company managers, executives, and Board members, are required to complete annual Code of Business Conduct & Ethics training, which covers certain human rights topics, as well as annual Respect in the Workplace training that focuses on workplace diversity, inclusion, and harassment awareness. Management encourages employees to utilize the Open Door process to address concerns and offer suggestions to maintain positive employee relations.

CASE STUDY: USING A LEARNING MANAGEMENT SYSTEMS (LMS) TO ENGAGE EMPLOYEES

Alamo Group's corporate Human Resources team offers a monthly webinar series, open to all US-based Alamo Group employees. The goal of these sessions is to develop our people into more effective leaders and to create a learning environment that supports our Company culture. Throughout the year, employees participated in 222 courses in topics that included:

- Confronting Workplace Harassment and Bullying
- Dealing with Difficult Employee Behavior
- Decision Making Skills
- Effective Listening
- Managing Generations in the Workplace
- Mental Health Awareness for Supervisors
- Personal & Professional Resilience
- Emotionally Intelligent Teams
- Workplace Communication



CASE STUDY: RHINOAG'S COMMITMENT TO GENDER PARITY

Alamo Group prioritizes diversity and inclusion initiatives to ensure our companies are representative of the communities we serve and are set up for success. Focusing on diversity and inclusion is the right thing to do as a global employer and brings new ideas to our business to better meet our customers' needs.

For RhinoAg in Gibson City, Illinois, diversity and inclusion means a commitment to empowering women and providing platforms and opportunities for them to succeed. Their "Born to Lead" Belt Buckle program, started in 2018, recognizes female employees and encourages gender balance during recruitment. The ultimate goal is to increase representation of women within the Company and across the entirety of agricultural manufacturing.

The belt buckle, a symbol of the program, is a visual reminder that gender equity is a priority, and that women are an integral part of RhinoAg's success. There are currently twenty-six female staff members at RhinoAg working in manufacturing as assemblers, welders, engineers, and logistics, as well as in administration, human resources, marketing and sales, representing an increase of 17 percent between 2018 and 2020.

GIVING BACK

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. Alamo Group companies have been inspired in this time to take actions to foster community building virtually as an option where employees are in isolation or to participate in local aid programs while abiding by strict safety protocols.

Alamo Group companies work with diverse organizations in our communities to advance economic, environmental, and societal issues and share best practices across industries through:

- Community grants
- Corporate sponsorships
- Employee volunteer grants
- Non-cash contributions



In addition, specially branded equipment is 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, with the message continuing to be promoted during the life of the product.

Despite a challenging charitable giving environment due to the COVID-19 pandemic, many Alamo Group companies were able to keep or modify their existing giving programs to support immediate needs of those organizations that provide relief and recovery for their communities, including donating food and money to local food banks and providing funds for medical and health supplies like PPE equipment for first responders.

CASE STUDY: ALAMO EMPLOYEES SUPPORT BLOOD DONATIONS IN SEGUIN, TEXAS

For over 40 years, Alamo Group employees have been participating in blood drives hosted at the Alamo Corporate site on a quarterly basis. In the last 10 years alone, Alamo Group employees have participated in a total of 26 blood drives that have collected 478 units, used in saving over 1,400 precious lives in the region.

In a normal year, 70 percent of the blood collected by the South Texas Blood & Tissue Center (STBTC) comes from community blood drives, but in 2020 more than 1,000 drives were cancelled because of COVID-19, limiting the number of units available to area hospitals almost by 50 percent. Fortunately, once the STBTC Mobil Units were able to implement protocols to safeguard the safety of our employees, Alamo Group was able to continue hosting two successful “appointment only” blood drives in June and October. The Alamo Group blood drive in June collected 32 units of blood, needed to save 96 lives, and the Alamo Group blood drive in October collected 33 Units of blood, needed to save 99 lives.



CASE STUDY: A CRISIS DURING A CRISIS: MORBARK ANSWERS THE CALL

On May 18, 2020, seven inches of rain was enough to breach a dam in western parts of Michigan, starting a chain of events that led to severe flooding in Midland and Gladwin counties and widespread electricity outages. More than 10,000 residents had to evacuate, with more than 2,000 homes damaged or destroyed and roads, bridges, and local businesses severely impacted.

Alamo's Morbark business jumped in to participate in the recovery process. Their Community Involvement Committee helped organize participation in a community "bottle and can" fundraiser, generating more than \$400 from aluminum cans collected through the facility's vending machines. Then, in September, Morbark received another opportunity to help by providing a horizontal grinder to reduce wood debris and other waste collected over four months of cleanup efforts in the nearby

Village of Sanford. In just two days, Morbark's 3400XT Wood Hog Horizontal Grinder and operating crew were able to process over 12,000 yards of material.

Dolores Porte, President of the Village of Sanford, responded with this thank you note: "Approximately 20 houses and businesses were totally washed away (or at least torn apart and landed throughout the Village). Homes and businesses that remained standing were essentially gutted, and most people did not get coverage from their insurance. The place looked like a bomb hit. It's been absolutely gut-wrenching. But this week, thanks to your generosity, we saw large piles of debris turn to good smelling shredded woodpiles—a beautiful sight for sore eyes."





COMMUNITY CHILDREN'S HIGHLIGHTS

Bush Hog Tutors

Bolstering children's skills in their community during the COVID-19 lockdown, Bush Hog employees have been virtually tutoring students of Sophia Kingston Elementary School in reading and are enjoying their time together in this new modality.

Bush Hog Donates \$10,000 to Joy to Life Foundation

Continuing its annual "Mow Down Breast Cancer" pink ZT mower raffle fundraising program for the seventh consecutive year, Bush Hog donated \$10,000 to the Joy of Life Foundation cause to raise awareness about breast cancer detection and early treatment.

Herschel PPE Donations

To show their appreciation of first responders, Alamo's Herschel Parts company donated 100 N95 Masks to local medical clinics, as well as face shields to the Indianola Fire Department which were created by a family member of one of Herschel's employees using a 3-D printer.

Schwarze Donates to Free 2 Teach

Alamo's Schwarze Industries donated \$4,500 to Free 2 Teach, which provides free resources to teachers in Madison County, Alabama's three public school systems, to show their appreciation for the remote learning challenges during the COVID-19 pandemic.

Rayco Sponsors Girls with Goggles

As a key member of the North Central Workforce Alliance (NCWA) of Ohio, Alamo's Rayco manufacturing business co-sponsored a "Girls With Goggles" event for the fourth year and provided purple safety glasses for sixth grade girls. In partnership with the Ashland County-West Holmes Career Center Commons (ACWHCC) and six participating school districts, this program invites young women to explore non-traditional (and often male-dominated) careers through hands-on activities. Due to school closures and social distancing restrictions, the event took place remotely with the goal to expose the girls to career exploration activities they could do at home.

Governance and Ethics

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

CORPORATE GOVERNANCE

We believe sound governance practices are fundamental to achieving our long-term sustainable growth objectives. The Alamo Group leadership team, led by our CEO, has responsibility for the day-to-day management of our business while ultimate oversight of the business rests with our Board of Directors.

Directors are nominated based on their prior experience, skills, and background. As required by applicable laws and New York Stock Exchange rules, a majority of our Board members are independent. We currently have a seven-member Board with six independent members, including two women. Alamo Group's Board 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

For more information about our Board of Directors, executive leadership team, and corporate governance practices, visit our website.





CODE OF BUSINESS CONDUCT AND ETHICS

ETHICS AND COMPLIANCE

A strong ethical culture starts at the top. CEO Ron Robinson and the other senior executive leaders at Alamo Group strive to set the right example in the way they behave and the way they encourage others to behave. Our Board members are also deeply committed to meeting the highest standards of ethical and legal conduct in fulfilling their duties.

CODE OF BUSINESS CONDUCT AND 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. In 2020, 100 percent of our online employees completed the training. Due to COVID-19 disruptions, shop floor employees did not complete training in 2020, but training for these employees will resume in 2021.

Our anti-corruption and trade compliance program is managed under the direction of the Vice-President & General Counsel. 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.

POLITICAL CONTRIBUTIONS AND LOBBYING

While Alamo Group does not contribute to any individual political candidates or campaigns, the Company does maintain memberships in certain trade associations and business groups, such as the Association of Equipment Manufacturers and the National Association of Manufacturers, that may engage in advocacy on behalf of segments of the business communities where we maintain markets. We are committed to supporting these organizations which champion public policies that contribute to the success and growth of those business communities.

ACCOUNTABILITY AND OVERSIGHT

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. 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 tollfree numbers.

Alamo Group does not tolerate retaliation in any form against employees for raising concerns or making good faith reports about possible breaches of law, policy, or ethical violations. Allegations of misconduct are reviewed and prioritized based on a number of factors, including the type of misconduct alleged and whether the allegation entails any potential violations of law. While all reported cases are investigated, certain cases deemed to be serious receive special scrutiny. There is also a quarterly review process to determine which cases, if any, require more detailed reporting to the Board of Directors or Audit Committee.

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.





INFORMATION SECURITY AND DATA PRIVACY

Alamo has identified information security as an important risk for Alamo Group, including the threats of hacking, ransomware attacks, and data breaches. Our corporate Information Technology (IT) team works diligently to protect not only our information, but also the information of third parties that they may hold or control, to include implementing physical, electronic, and procedural safeguards to ensure the confidentiality, integrity, and availability of Alamo Group computer systems such as:

- Limiting physical access to server, storage, and network equipment to necessary staff, with physical access to the most critical systems being controlled by keycard access into areas that have activity recorded with video surveillance

- Implementing electronic safeguards such as firewalls and network segmentation techniques to prevent unauthorized access to information
- Scheduling monthly vulnerability assessments performed by a third party to provide proactive detection of system vulnerabilities
- Implementing procedural safeguards including access to information or systems based on business requirements and strong password enforcement with ongoing efforts to minimize the number of passwords employees must rely on. Procedures to promptly update employee access after role changes are also in place to limit abuse after a change in responsibilities.

A review of these safeguards is performed annually, and the results are used to prioritize areas of improvement based on the Critical Security Controls for Effective Cyber Defense published by the Center for Internet Security. Reviews of specific safeguards also take place throughout the year as new threats emerge. Third parties that provide services to Alamo Group maintain the security of information on their respective systems.

In addition, Alamo Group is working hard to comply with all data privacy laws, including the General Data Protection Regulation and the California Consumer Protection Act, among others.

CASE STUDY: TRAINING EMPLOYEES TO HANDLE SUSPICIOUS EMAILS

Phishing emails still comprise a large portion of data breaches for many corporations. In 2019, many employees were unsure on what to do when they received a suspicious email. Should they call the help desk or just forward it? Should they delete and not report it, forfeiting a possible early warning? To provide clarity in 2020, Alamo's Information Technology (IT) team conducted anti-phishing training to mitigate cyber security issues.

Working with an external data security company, the IT team began providing email-based phishing simulations for 1,085 employees. When employees recognize a phishing email, they click the Phish Alert button on their email application. The email is then forwarded to our Incident Response team and the employee receives an acknowledgement that they successfully detected a simulated phishing email. In addition to the phishing tests, employees can use the Phish Alert button as a safe way to forward email threats to the security team for analysis and delete the email from the user's inbox to prevent future exposure.

Alamo Group employees initially identified 41 percent of simulated phishing emails, with training provided to employees who clicked on the simulated links. Within 90 days of the program launch, employees participating in the program had increased their detection rate to 89 percent of



simulated phishing emails. Employees also used the Phish Alert button to report 3,001 emails in 2020 that were received from third parties. The overall success rate was 93.4 percent at the close of 2020. The phishing simulation program will be expanded in 2021 to all 2,200 employees with company email addresses, along with expanding access to both mandatory and optional cybersecurity awareness training content.

About This Report

BOUNDARIES AND SCOPE

This is Alamo Group's second annual sustainability report, based on calendar year 2020 data. Data collection covers all production and manufacturing facilities owned and operated by Alamo Group. We have used the Sustainability Accounting Standards Board (SASB) Industrial Machinery Standard to guide our reporting boundaries and disclosures.

ASSURANCE AND VERIFICATION

We have engaged Strategic Sustainability Consulting (SSC), an independent party, to support our sustainability reporting efforts. We believe that this report contains information that is accurate, timely, and balanced. In preparing the material for this report, we have completed an internal assessment process in conjunction with SSC to review the contents for clarity, but the report is not externally assured and the data within this report has not been third-party verified.

RESTATEMENTS

Alamo's 2019 sustainability report indicated that data coverage did not include newly acquired companies such as Morbark, Dutch Power and Santa Izabel. It should have said "Morbark, Rayco and Dutch Power." (Santa Izabel data was included in 2019 scope.) All three facilities are included in the 2020 scope of data collection.

In addition, during the 2020 data collection process, we identified and corrected a few data anomalies primarily related to units of measure and data entry in our environmental tracking. We have resolved these items and restated the 2019 data accordingly.

PRODUCTION

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
- Wholegoods 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

FOR MORE INFORMATION

We welcome your feedback, comments, and questions on this report and other sustainability matters.

Brett E. Cohen
Vice President – Technical Affairs and Safety
1-800- 638-7213
sustainability@alamogroup.com

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Certain statements in this report relate to future events and expectations and are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical are forward-looking. When used by or on behalf of Alamo Group, the words "estimate," "anticipate," "expect," "believe," "intend," "may," "will," "would," "should," "could," and similar expressions generally identify forward-looking statements made by or on behalf of the Company. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions, and other factors, some of which are beyond the Company's control, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Additional information concerning forward-looking statements and risks impacting the Company is contained in the Company's filings with the U.S. Securities and Exchange Commission, including, without limitation, the Company's Annual Report on Form 10-K for the year-ended December 31, 2020, filed on February 25, 2021.

ESG Tearsheet

INDICATOR	UNIT	2019 DATA	2020 DATA
Electricity			
Agricultural Business Unit	kWh	20,245,721	19,321,640
Industrial Business Unit	kWh	23,720,222	28,236,062
Natural Gas			
Agricultural Business Unit	mcf	191,395	140,989
Industrial Business Unit	mcf	158,819	197,641
Fuel			
Agricultural Business Unit	gallons	109,883	84,569
Industrial Business Unit	gallons	83,823	115,416
Propane			
Agricultural Business Unit	cubic feet	1,043,463	1,432,612
Industrial Business Unit	cubic feet	2,178,178	2,535,789
Acetylene			
Agricultural Business Unit	cubic feet	59,336	58,068
Industrial Business Unit	cubic feet	9,837	29,253
Propylene			
Agricultural Business Unit	cubic feet	3,884	3,876
Industrial Business Unit	cubic feet	3,948	113,641
Total Energy Use			
Agricultural Business Unit	gigajoules	292,019	230,958
Industrial Business Unit	gigajoules	267,535	328,047

INDICATOR	UNIT	2019 DATA	2020 DATA
Renewable Energy - Electricity			
Agricultural Business Unit	kWh	1,517,523	1,608,708
Industrial Business Unit	kWh	6,492,130	7,664,032
Scope 1 Emissions			
Agricultural Business Unit	metric tons	17,380	14,025
Industrial Business Unit	metric tons	16,356	21,826
Scope 2 Emissions			
Agricultural Business Unit	metric tons	27,940	23,622
Industrial Business Unit	metric tons	27,646	34,945
VOC Emissions			
Agricultural Business Unit	pounds	34,669	24,163
Industrial Business Unit	pounds	231,095	215,698
Water Consumed			
Agricultural Business Unit	cubic meter	37,736	42,791
Industrial Business Unit	cubic meter	48,310	53,609
Total Waste Generated			
Agricultural Business Unit	kilograms	6,660,933	5,759,222
Industrial Business Unit	kilograms	6,171,866	8,633,960
Waste Recycled			
Agricultural Business Unit	kilograms	5,663,747	4,921,339
Industrial Business Unit	kilograms	4,484,475	6,910,455

Social

INDICATOR	UNIT	2019 DATA	2020 DATA
Total Employees			
North America		3,018	3,011
South America		152	143
Europe		1,085	1,067
Oceania		14	12
Fatalities – employees and contractors	Fatality Rate (# of fatalities/ 100 employees)	0.00	0.00
Days Away Restricted or Transferred (DART) Rate – employees and contractors	Recordable Rate (# of injuries/100 employees)	2.70	2.00
Total recordable incident rate (TRIR)	DART Rate (# of serious injuries/ 100 employees)	4.06	3.65
Operations certified to ISO 45001, 2019 – 0 , 2020 – 1 (unit: # of facilities)	Facilities	0	1

Governance & Product

INDICATOR	UNIT	2019	2020
Number of units shipped			
vehicles and agricultural and construction equipment	Metric tons	66,038	70,208
parts and components	Metric tons	13,257	17,242



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