2022 SUSTAINABILITY REPORT

OVER 21% REDUCTION OF GHG EMISSIONS INTENSITY SINCE 2019*

COMMITTED TO REDUCING OPERATIONAL GHG EMISSIONS INTENSITY 50% BY 2030

* - using market-based method for scope 2 emissions.

ALAMO GROUP www.alamo-group.com | 1627 East Walnut, Seguin, TX 78155

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LETTER FROM THE CEO

Dear Stakeholders,

Thank you for investing your time to read the Alamo Group Inc. corporate sustainability report for 2022, the fourth such report we have published. We continue to increase our focus, and commitment of time and resources toward developing our company's Environmental, Social and Governance performance. We welcome your feedback along the way.

We take our ESG responsibilities and performance very seriously. We continue to learn more every day about what works well within our company, what contributes positively but needs further improvement, and what aspects of our business we need to rethink completely to achieve the ESG targets we have set for ourselves. As with all forms of continuous improvement, driving corporate ESG performance is a journey, one that has a distinct identifiable starting point, but one that has no end. No matter what we achieve, there is always more we can do. There are always opportunities to further improve. Through these annual reports, we will continue to report both our successes and areas where we have fallen short. This year is no exception.

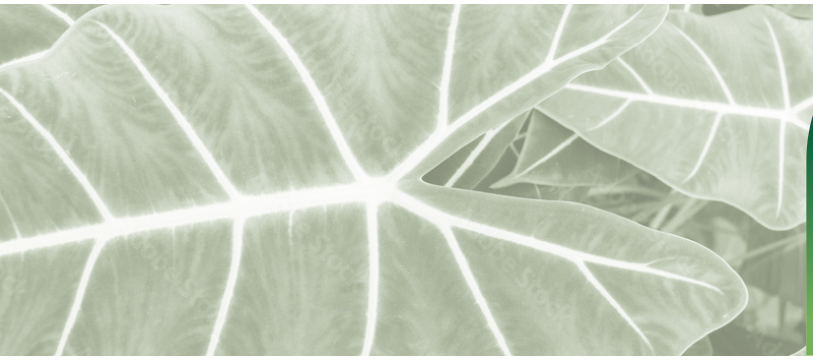
Regarding our Environmental performance, during 2022, we made very good progress in some areas, but were disappointed with our performance in others. Positively, our operational improvement initiatives continued to show good results. Our investments in energy efficient tooling and equipment, additional facilities consolidation and production process changes, allowed us to consume less energy in our production processes. While there is more to do in these areas, good progress was achieved during 2022. Yet despite the energy efficiency investments we made, we were disappointed that our total energy consumption increased during 2022. A cooler autumn season and early onset of winter weather in North America drove consumption of fossil fuels, primarily natural gas, used to heat our facilities above our 2019 baseline and pushed total energy consumption higher. To address this, we will go back to basics and invest more in physical facilities to improve environmental performance and specifically to reduce heat loss during the winter. We are asking our teams to identify ways to improve facility climate resistance and expect to be able to implement several projects toward this end in 2023. More encouragingly, we were pleased with the progress made in 2022 on improving the environmental performance of our products. Our teams made great strides in the development of fully electric and hybrid versions of our flagship products. Our first fully electric street sweeper, excavator and reach-arm mower were manufactured and have entered performance testing. We also launched a new compact street sweeper and brush chipper with electric hybrid drives. Our organizational knowledge regarding product electrification is increasing quickly and we are already planning second generation products that don't rely upon internal combustion engines.

On the people front, our focused initiatives to attract a more diverse pool of prospective employees and separately to increase diversity in our leadership showed positive results and real progress. To support this initiative, we, launched a series of "Women in Manufacturing" videos to highlight the many talented women we have working across the company and to encourage other women to apply for positions with Alamo Group. Our employee training initiative, The Alamo Training Academy, continued to gain momentum, and we added additional courses to broaden the curriculum during the year. The feedback from our employees regarding the training curriculum we now offer has been quite positive and we plan to continue building upon this platform in the future. Finally, I was very pleased that in 2022 we achieved a significant reduction in our total recordable injury rate compared to 2021.

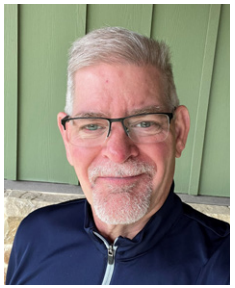
Our Board of Directors, acting through its nominating and governance committee, continues to provide consistent oversight of our ESG initiatives and to encourage us to redouble our efforts.

On balance, during 2022 we made good progress toward the achievement of our short and long-term ESG targets. It's important to stop and say thank you to our employees, suppliers, customers, managers and directors for their constant support and encouragement as we continue on this very important journey. I hope you enjoy reading about what we accomplished during 2022 and what we acknowledge needs more work. As always, your feedback is very valuable to us so if you have a question, comment or concern regarding the contents of this report, please reach out to us and let's have a conversation.

Jeffery A. Leonard
Chief Executive Officer and President



LETTER FROM THE CSO



In 2022, unprecedented levels of new customer orders and order backlog challenged the capacities of both our operations and our supply chain. As a result, we ran our factories hard to get what we could produce out the door, often extending weekday operating hours into additional shifts and adding weekend work. During the same period, we also invested heavily in highly automated and efficient production machinery, some of which significantly increased our internal capacities and led to insourcing work previously done by outside suppliers. Simply put, running machinery and keeping facilities open for longer working hours requires more energy. Add to this an 11% year-over-year increase in heating degree-days in the regions where our largest facilities operate, and you have a recipe for a significant increase energy consumption. In absolute terms, our energy consumption increased 3.5% compared to the prior year. When we state our energy consumption in terms of paid hours worked, the year-over-year increase was reduced to 0.6%. While these increases could have been much higher had we not made offsetting improvements, the fact remains that we missed our 2022 sustainability goals, and we cannot just sit back and blame the weather.

What we learned in 2022 is where we invest our time and money, we get results. Despite higher production, insourcing and longer working hours, we cut our absolute electricity consumption by more than 1.6 million kilowatt-hours compared to 2021. These absolute reductions in electricity are expected to continue as over 80% of our sustainability-related capital spending the past three years has been focused on energy-efficient lighting, welding and laser cutting technologies. Well over two thirds of our lighting fixtures and welding power supplies have already been upgraded, and we have open capital authorizations to replace most of the rest. Our investment in fiber laser steel cutting is now approaching $10 million, with another $3 million included in our 2023 capital plan. Many of the 2022 energy efficiency investments didn't occur until the back half of the year, and we look forward to seeing their full year impact in our 2023 results.

As you read this report, you will notice a significant change. We have converted many of our measurements and goals into measures of intensity. We still provide historical results and analysis in absolute terms, but we needed a means to account for the impact of organic growth and the insourcing of production processes. Because of the record high customer demand and our investments in facilities and manufacturing technology, both of these impacts have become significant. This led us to choose **labor hours worked** as the basis for computing measures of intensity. Advances in process automation and the varying degrees of labor intensity of the processes being insourced make this a less than an ideal baseline for intensity measurement. However, we believe it is least imperfect option of the several we considered.

In this report, we have divided our discussion of greenhouse gas emissions into two major categories: Operational (Scopes 1 & 2) and Value Chain (all other indirect). The goal setting, discussion and analysis of Operational emissions is much more detailed compared to past reports. Value Chain emissions, we believe, are many times larger than our own operational emissions. They are predominantly affected by our upstream supply chain and, even more so, by the emissions associated with our customers using the equipment we manufacture. We also provide in this report several examples of significant supplier and customer collaborations to enhance value chain sustainability. While a few larger companies in industry have provided aggregated Scope 3 measurements, we remained focused on measuring decision-specific Value Chain impacts. In the process, we come down a learning curve. These lessons will help us raise the bar for our sustainability planning, implementation, and reporting in the years to come.

Dan E. Malone,
Executive Vice President and Chief Sustainability Officer

AT A GLANCE

Alamo Group is a leading manufacturer of high-quality maintenance equipment for managing natural vegetation, industrial facilities and public and private sector infrastructure. Our products are delivered and serviced primarily through an international network of approximately 7,000 independent dealers, distributors and service agents.

Founded in
1969

Headquartered in
SEGUIN, TX

Employees
4,200+

Publicly traded since
1993 (NYSE: ALG)

Quarterly dividend paid continuously since going public

Manufacturing locations
28
North & South America
Europe
Australia

Operating divisions
2
Vegetation management
Industrial equipment

VEGETATION MANAGEMENT DIVISION

Alamo Group's Vegetation Management Division is a leading provider of equipment used in both the maintenance and recycling of organic material. This division, which accounts for approximately 60% of Alamo Group's total sales, employs about 2,500 people, operates 17 manufacturing locations across 7 countries, and primarily sells its equipment through a network of approximately 6,000 independent dealers and distributors. The division's mowing and tree care brands are some of the most recognizable names in their respective markets. From crop preparation to stubble management, to roadside mowing, and forestry management, Alamo Group has the right products to support our customers' needs. With an eye towards innovation, our products deliver industry leading performance.


Wetland Management

Mowing


Forestry & Recycling

INDUSTRIAL EQUIPMENT DIVISION

The Industrial Equipment Division of Alamo Group is a leading supplier for both public and private sector customers in infrastructure maintenance. Accounting for approximately 40% of the Company's total sales, this division employs about 1,600 people in 11 manufacturing locations across 3 countries, and primarily sells its equipment through a network of approximately 750 dealer and distributors. This division's specialized equipment focuses on application-based solutions and includes some of the most recognizable brand names in the market. It's products focus on both contractor and municipal infrastructure customers' year-round maintenance requirements.

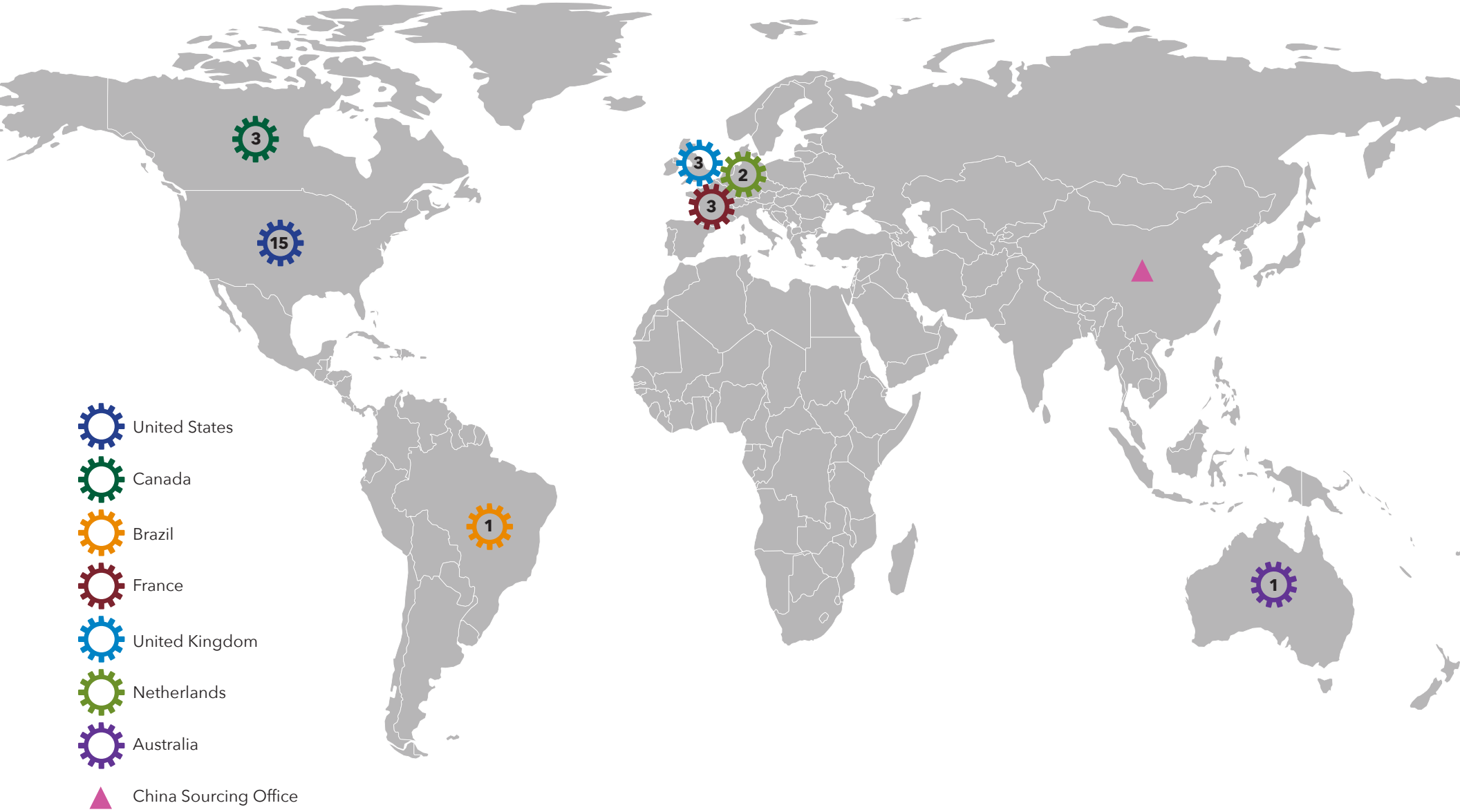
Street Sweepers

Vacuum Trucks


Excavators


Snow Removal

OUR LOCATIONS



OUR APPROACH TO SUSTAINABILITY

Our approach to sustainability is influenced by two important strategic objectives. First, to provide value to our customers who are responsible for keeping our roadways and power lines clear of encroaching vegetation, clearing debris from our storm sewers, sweeping contaminants from our streets, removing snowfall and ice from our roads, maintaining our forests, and preparing fields for the next planting. Our operations and value chain produce tools and tool carriers required to do those specific jobs. Whether it be lane-miles of snow cleared from roadways, or tons of debris removed from storm sewers, those functional units of output are the only reasons customers buy these products. Infrastructure maintenance is not optional, and it is our job to provide solutions for our customers to do this necessary work in the most effective and sustainable ways possible. It is what keeps us in business. Second, we are a for-profit business. Consequently, the sustainability investments we have prioritized benefit all three aspects of the triple bottom line: people, planet, and profits. We believe that sustainability shouldn't come at the expense of reduced shareholder returns, and we will continue to focus our efforts where all three objectives are met.

All levels of Alamo Group management actively participate in the development and execution of our sustainability strategy. Sustainability goals are integrated into management incentive compensation targets at several levels of the organization, including senior management. Our sustainability strategy is built upon ongoing dialogue with key stakeholders and insights from our annual materiality and risk assessments, that now includes a deeper analysis of climate risks and opportunities. As we have gained greater awareness and understanding of potential climate change related impacts, we have begun to consider climate change related issues in our strategic planning and enterprise risk management processes. In this report, we have included climate related disclosures in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

GOVERNANCE

Alamo Group's governance around climate-related risks and opportunities is described in the ESG Governance section of this report (page 33)

STRATEGY

Disclosure of potentially material climate-related risks and opportunities on Alamo's businesses, strategy and planning processes are addressed in Materiality & Risk Assessment (page 12) and Sustainable Product Development (pages 25-28) sections of this report.

METRICS & TARGETS

Disclosures of the metrics and targets we use to assess and manage climate-related risks and opportunities are included in the 2022 Sustainability Highlights (page 13), and Environmental Responsibility (pages 15-28) sections of this report.

RISK MANAGEMENT

Discussion of how Alamo identifies, assesses, and manages climate-related risks is included in the Materiality & Risk Assessment section of this report (page 12)

We will continue to align our sustainability performance reporting with relevant Sustainability Accounting Standards Board (SASB) guidelines.

All quantitative data and information in our report reflects activity in calendar year 2022 or as of December 31, 2022, as applicable. Previous Alamo Group Sustainability Reports are also available on our website, at https://www.alamo-group.com/our-company/Environmental-and-Social/

ESG GOVERNANCE

In 2022, the Alamo Group Board of Directors, acting through its Nominating and Governance Committee, maintains ultimate responsibility for overseeing ESG matters. The Company's EVP & Chief Sustainability Officer, ESG Executive Team, Corporate Sustainability Team, its business unit leadership and Green Teams deployed at every Alamo Group company are responsible for the implementation of ESG policies and strategies, and the reporting of relevant results.

BOARD ESG OVERSIGHT

Board of Directors	Chairman, Nominating & Governance	Chief Executive Officer	The Alamo Group Board of Directors, its Nominating and Governance Chairman and Chief Executive Officer receive ESG updates at least quarterly, review and approve the publication of ESG goals and reports and provide strategic oversight and guidance regarding ESG matters.

ESG EXECUTIVE TEAM

EVP & General Counsel	EVP, Chief Sustainability Officer	VP, Corporate Human Resources	Under the direction of the Board of Directors and Chief Executive Officer, the ESG Executive Team is responsible for the communication and deployment of the Company's ESG strategy.

CORPORATE SUSTAINABILITY TEAM

Technical Affairs, Sustainability and Safety Team	Human Resources, Employee Relations, and Diversity Team	The Corporate Sustainability Team engages regularly with local leaders and Green Teams to share ideas and best practices, facilitates ESG accountability and provides ESG performance reports to executive leadership at least quarterly.

OPERATIONS LEVEL

Division & Business Unit Leadership	On-Site Sustainability Leaders & Green Teams	Business unit leaders and Green Teams at each facility are responsible for planning and implementing sustainable business practices at the local level, as well as the monthly reporting and analysis of sustainability metrics.

STAKEHOLDER ENGAGEMENT

As part of our strategic management, we regularly engage in dialogue with our stakeholders to develop solutions for environmental, social and business challenges. We value open and honest communication with our investors, customers and suppliers regarding ESG issues. Employee insights are also critical. We empower them to provide input on our local approach to employee engagement and our overall sustainability initiatives.

Stakeholder Group	Ways We Engage	Stakeholder Priorities	Examples of Engagement
Investors	• TCFD/SASB-aligned ESG disclosures • Investor meetings and conferences • Quarterly conference calls	• Long-term revenue and earnings growth • Sustainable shareholder value • Anti-corruption and anti-competitive behavior	We engage investors by participating in conferences, update meetings and quarterly conference calls. We also interact with research analysts and proxy advisory firms.
Employees	• Training programs and support • Town hall meetings • Whistleblower mechanism	• Competitive compensation and benefits • Safe and healthy workplace • Diversity and Inclusion, and Non-discrimination	Several Alamo leaders completed a program, led by certified facilitators, focused on creating work environments that foster employee engagement, improve outcomes, and increase employee satisfaction.
Customers	• Direct collaboration with customers on product design and specifications • Customer events, product demonstrations and trade shows. • Providing operator safety training	• Providing products that help customers perform their jobs in an efficient, safe and sustainable manner • Product quality, safety, and efficiency • Great customer service	We collaborated with the **University of California at Los Angeles** to develop a hybrid electric small-size sweeper to sweep roads and parking structures on their campus. Read more about this on page 11.
Suppliers	• Direct collaboration with suppliers on product design and specifications • Supplier onboarding • Supplier risk assessment and performance reviews • Supply chain transparency inquiries	• Fair and competitive terms • Opportunities for collaboration • Seek green solutions for delivering source materials and products	In 2022, we collaborated with two critical suppliers, **Volvo Penta** and **Daimler Trucks**, to produce all-electric prototypes of our wheeled excavator and street sweeper. Read more about these on pages 25 and 26.
Communities	• Fundraisers and philanthropy • Volunteering with local organizations • Local hiring initiatives	• Community partnerships • Employment opportunities for community members • Mitigation of issues like noise and pollution	Working with the local city council, volunteers from our Brazilian manufacturing operation participated in a project to plant 1200 fruit trees in a nature preservation area.
Government	• Participation in mutually beneficial government and industry partnership programs.	• Public policy implementation for the benefit of constituents. • Public safety	In 2022, we enrolled in the EPA's SmartWay program to access their data resources to improve our freight efficiency and reduce related GHG emissions.
Industry	• Corporate memberships • Leadership in committees and working groups • Participation in conferences and group events	• Sharing of best practices • Collaboration on industry issues • Engagement on public policy issues	We are members of the Association of Equipment Manufacturers (AEM), and we serve on every AEM committee which sets industry standards concerning employee and product safety, the reporting of toxic substances and sustainability.

NiteHawk Hybrid Electrification Regenerative Braking System project for UCLA

CASE STUDY

CUSTOMER COLLABORATION IN SUSTAINABLE PRODUCT DEVELOPMENT

The development of a single engine Nitehawk Osprey prototype with a XL Fleet regenerative braking system was initiated at the request of a specific customer, The University of California at Los Angeles (UCLA). UCLA wanted a small-size, low-profile chassis mounted sweeper to clean their streets, parking lots and parking garages with a reduced carbon footprint. The single engine hydraulic design Osprey II mounts onto a Ford F350 chassis and works by hybridizing existing OEM powertrains by adding a 15 kWh battery pack to store energy generated during braking, a traction motor, and a motor drive to control current flow. The unit delivers better fuel economy and decreased emissions.

The prototype sweeper was delivered in March 2023 and will now contribute to UCLA's ongoing efforts to reduce their campus greenhouse gas emissions.

MATERIALITY & RISK ASSESSMENT

Using information obtained from both internal and external sources, as well as our stakeholder engagement, the Corporate Sustainability Team conducts regular materiality assessments. We also utilize external tools, such as the SASB Materiality guidance, to reason check our findings. The most significant ESG issues identified by both our internal assessment and the SASB guidance continue to be Energy Management, Employee Health & Safety, Product Design & Lifecycle Management, and Materials Sourcing & Efficiency. Our internal materiality assessments continue to support the following nine ESG priorities for Alamo Group:

ENVIRONMENTAL

Improve operational & energy efficiencies

Improve materials sourcing strategies to manage risk and reduce environmental impacts

Enhance product development to help customers operate efficiently and lower emissions

Comply with new product safety & chemical disclosure laws.

SOCIAL

Improve employee health & safety

Enhance workforce diversity & inclusion

Employee development & retention

GOVERNANCE

Enhanced cybersecurity

Continue to grow and improve economic performance

CLIMATE-RELATED RISKS & OPPORTUNITIES

Three of the material issues identified in our assessment are directly linked to climate change risk. Stakeholder interest in climate-related disclosures is high, so in this report we discuss our relevant climate-related risks and opportunities using the Task Force for Climate-related Financial Disclosures (TCFD) framework.

Transition Risks – These risks and opportunities are primarily: (1) markets for our products transition to lower carbon technology, and (2) government imposes carbon taxes or some other carbon pricing mechanism on our production inputs, customers, or us directly. We believe both risks may impact us on a medium to long-term time horizon. The financial impact could be an increase in operating costs and/or negative effects on demand for our traditional products. On the positive side, we are well positioned to develop low carbon solutions for our customers, and it could result in sales growth. This sustainable product development has already begun in the product ranges where operating power requirements can be accommodated by existing scalable technologies and will eventually progress to products with higher energy requirements as product design enhancements and new alternative powertrain technologies are developed and converge. Examples of how we are already collaborating with suppliers and customers to meet these challenges are included in the Sustainable Product Development section of this report.

Physical Risks are acute risks caused by increased severity and frequency of extreme weather events, such as heat waves and storms, and chronic risks caused by extreme variability in precipitation and weather patterns, such as chronic coastal flooding or increasingly severe droughts. We believe both may occur over a long-term time horizon. We believe most of this risk resides with some of our upstream supply chain members and end users of our vegetation management equipment. The potential financial impact would be supply chain disruption or a decline in end-user demand. Our opportunity is that many of our products, particularly specialty excavators, vacuum trucks and tree care equipment are heavily used for critical tasks such as clean-up after extreme weather events and creating fire breaks to prevent spreading wildfires. For physical risks, we believe our exposure is a low to medium net financial impact from these risks and opportunities.

2022 SUSTAINABILITY

HIGHLIGHTS & ACHIEVEMENTS

		2019 Results	2020 Results	2021 Results	2022 Results	2025 Target	2030 Target
Energy Consumption	**Gigajoules (Gj)**	**674,043**	**598,313**	**622,338**	**644,327**		
	Gj/1000 Hours Worked	**86.6**	**85.7**	**77.3**	**77.8**	**70.5**	**58.4**
% Renewable Electricity	On-Site			0.7%	0.9%	5%	10%
	Purchased	1.3%	1.2%	3.6%	4.2%	2%	-
	From the Grid	20.8%	21.8%	24.2%	23.5%	33%	40%
	Total	**22.1%**	**23.0%**	**28.5%**	**28.6%**	**40%**	**50%**
Operational Emissions (Scopes 1 & 2)*	**mtCO2e Emissions**	**51,154**	**44,864**	**42,697**	**42,627**		
	mtCO2e/1000 Hours Worked	**6.57**	**6.42**	**5.30**	**5.15**	**4.43**	**3.23**
Water Use	**Cubic Meters**	**105,096**	**97,851**	**98,647**	**82,420**	**80,000**	**75,000**
Waste	**Landfill (kg)**	**3,225,514**	**2,776,180**	**2,741,035**	**2,545,304**		
	Landfill (kg/1000 Hours Worked)	**414**	**398**	**340**	**307**	**280**	**207**
	% Recycled	**81%**	**81%**	**83%**	**84%**	**87%**	**90%**
Safety	**Recordable Injuries per 100 employees**	**4.1**	**3.7**	**3.1**	**2.6**	**2.3**	**2.0**

** - Scope 2 determined using market-based method*

Overall, our results demonstrated progress toward our sustainability goals, particularly when measured in terms of intensity or per paid hour worked. As discussed further on page 19, our highlights include a continued reduction of absolute electricity consumption, over 1.6 million kilowatt-hours lower than 2021, as well as significant reductions in landfill waste, water use and OSHA recordable injuries. Our water and safety performance were so strong that we set more aggressive 2025 and 2030 targets.

Where we fell short of our own expectations was in the area of energy consumption and operational emissions. Compared to prior year, absolute energy consumption and energy intensity, measured on the basis of paid hours worked, increased 3.5% and 0.6% respectively. Energy consumption was driven higher by a double-digit percentage increase in heating degree days affecting our large North American manufacturing facilities, higher production volume, and production process insourcing.

Absolute Operational emissions were essentially unchanged from prior year, as measured using the market-based method. As a measure of carbon intensity, they improved 2.8%. Our improved intensity numbers filter out most of the impact of higher production volume and insourcing. Most of these results are discussed in greater detail in the pages that follow.

SUSTAINABILITY INVESTMENTS

Since 2019, Alamo Group has made substantial investments in more sustainable technologies in its own operations and in its new product development activities. Because many of our investments address multiple business objectives (including cost reduction, capacity and maintenance needs) declaring whether or not it is a "sustainability" investment may just be a matter of semantics. For example, our investments in inverter-type welding machines and fiber laser cutting technology are often justified based on improved efficiency, capacity and quality, but such investments also come with significant positive impacts in terms of electricity consumption per unit of output. Below we provide a summary of our capital expenditures which we determined have, or will have, a significant impact on our sustainability performance:

Capital Spending with Sustainability Impact ($ millions)	2020-22 Projects	2023 Capital Plan
LED Lighting and Energy Management Systems	$ 3.3	$ 0.1
Welding Technology Upgrades	$ 1.5	$ 1.1
Laser Cutting Technology Upgrades	$ 9.8	$ 2.9
Onsite Renewable Energy Facilities	$ 0.6	$ 0.4
Energy Efficient Building Improvements & Other	$ 2.3	$ 4.9
Total Capital Authorized or Planned	**$ 17.5**	**$ 9.4**

Product development investments are usually expensed in the period they were incurred and are included as part of company-wide Research & Development expenditures in our financial reports. Similar to other investments, many product development projects are funded based upon multiple business objectives, including maintaining or gaining market share, creating new end use applications, and improving margins to name a few. Those projects which adapt our products to different, lower carbon emitting technologies can easily be identified as "sustainable" product development. A little harder to identify are the many projects to design products which allow our customers to operate more efficiently, lower the total cost of ownership and improve fuel economies. These too can have a substantial impact on value chain emissions. In 2023, we expect that our spending on easily identifiable sustainable product development will exceed $2 million.

ENVIRONMENTAL RESPONSIBILITY

Our sustainability efforts are focused on the environmental impacts of our own operations and the collaborative work of sourcing, manufacturing, and selling more sustainable products. We also make a positive impact by leading and participating in conservation and sustainability projects within the communities where we work and live. We not only make investments to reduce our energy consumption, water use and the amount of waste we send to landfills, we also make investments in renewable energy, waste recycling and biodiversity in our green spaces. It is our goal to reduce the impacts of our operations and create net positive environmental impacts throughout our value chain. In this report, the discussion of our environmental performance and commitments include:

- Energy Management
- Renewable Energy Sourcing
- Greenhouse Gas Emissions
- Waste & Recycling
- Water Conservation
- Sustainable Product Development

Environmental Management Systems - Each of our operations has identified and complies with all local and federal environmental regulations, and we continuously look for ways to reduce our environmental impacts. Our companies continue to improve our processes, enhance workplace health and safety, and reduce air and water emissions, as well as our overall waste stream.

At Alamo Group, we utilize an Environmental Management System (EMS) following a continuous improvement approach. Each Alamo Group company has identified the environmental regulations and requirements for their region and has implemented policies and procedures to meet these requirements. Alamo Group's Safety and Environmental Compliance teams conduct Environmental Evaluations (Audits) at Alamo Group Companies in accordance with federal and local requirements to ensure that the Company's environmental policies and procedures are being effectively implemented. The team identifies needs for improvement of the environmental programs, engages with each company to enhance their positive environmental performance, and provides oversight of their reporting, improvement, and training activities.

Some of our Alamo Group of companies have become ISO 9001 certified to improve their product quality systems and increase control of their processes. Our Rivard® facility in Daumeray, France maintains an ISO 14001 certification of their environmental management systems. Other Alamo Group operations are also working towards achieving an ISO certification of their environmental management systems and energy management processes.

To ensure appropriate oversight of environmental issues, Alamo Group business unit leaders are accountable for environmental compliance at their respective facilities. Each leader assigns a site representative or Environment, Health, and Safety (EHS) manager to oversee compliance with the environmental permits and all EHS regulations that apply to their facility and be responsible for the day-to-day management of environmental issues, including compliance, performance tracking, and continuous improvement.

ENERGY MANAGEMENT

Alamo Group Total Company	Energy Consumed (gigajoules)			
	2019	2020	2021	2022
Natural Gas	408,093	366,044	386,317	413,107
Electricity	195,127	175,638	182,098	176,335
Propane Gas	27,237	22,187	23,436	22,793
Fuel Oil	43,260	33,978	30,202	31,760
All Other	325	467	283	331
Total Energy Consumption	**674,043**	**593,313**	**622,338**	**644,327**
% Change from 2019		**-11%**	**-8%**	**-4%**

Continued investments in energy efficient lighting and production equipment resulted in another significant reduction of electricity consumption despite the higher energy demands of increased production volume and significant insourcing of production processes, including laser cutting operations. We prioritized these electricity-reducing investments because they provided the highest financial returns, improved the quality and safety of our workplace environment, and significantly reduced both operational and value chain energy consumption. Our 2022 consumption of natural gas is a different story. Our highest natural gas consuming facilities are in North America, with the four largest accounting for nearly 60% of the total company consumption and 84% of the year-over-year increase. In 2022, our natural gas use increased 11.7% at these four facilities. This highly correlates to an 11.3% weighted average increase in Heating Degree Days reported by the National Weather Service for these same locations over the same time period. While we will continue to make value-creating investments in sustainable manufacturing technologies, we have recently placed greater emphasis on investments in building heating systems and heat retention. These improvements will reduce costs, improve energy efficiency, and better insulate us from significant winter and summer weather variations.

Alamo Group Total Company	Gigajoules Consumed per 1000 Hours Worked					
	2019	2020	2021	2022	2025 Goal	2030 Goal
Total Energy Intensity	86.6	85.7	77.3	77.8	70.5	58.4
% Change from 2019		-1%	-11%	-10%	-19%	-33%

FEELING THE HEAT:

Natural gas and electricity account for over 90% of Alamo Group's operational energy consumption. Cold weather heating of our facilities accounts for about 75% of our natural gas usage while facility lighting and production processes are the major consumers of electricity. Because facility heating also accounts for about 40% of our propane and fuel oil consumption, in total, it accounts for more than half of our total energy consumption.

While absolute energy consumption increased, our 2022 energy intensity increased 1.1% year-to-year due to higher production volume and insourcing. Our 2022 performance fell short of our expectations, but we maintain the commitment to our goal to reduce total energy consumption 33% by 2030, though now we express that goal in terms of energy intensity rather than an absolute measurement. We believe this one-third reduction will be a necessary step toward achieving our publicly announced commitment to reduce Scope 1 and 2 GHG emissions by 50% during the same time period.

OPERATIONAL GREENHOUSE GAS EMISSIONS — SCOPE 1

Scope 1 greenhouse gas (GHG) emissions correlate highly with the consumption of energy other than electricity. Over 80% of our Scope 1 GHG emissions are the result of natural gas use for heating our facilities, paint drying ovens and other production related processes. As previously mentioned, over 75% of natural gas and about 40% of propane and fuel oil use is for facility heating. All Other Sources of Scope 1 emissions include the use of propylene and acetylene in production as well as fugitive emissions of CO2 gas used in welding processes and refrigerants used in air conditioning systems.

	MT CO2eq emissions			
	2019	**2020**	**2021**	**2022**
Natural Gas	21,312	19,116	20,175	21,574
Fuel Oil	3,038	2,386	2,121	2,231
Propane Gas	1,504	1,225	1,294	1,258
All Other Sources	1,634	1,596	1,647	1,579
Total Scope 1 Carbon Emissions	**27,488**	**24,324**	**25,237**	**26,642**
% Change from 2019 Base Year		**-12%**	**-8%**	**-3%**

In 2022, Alamo Group saw unprecedented new order and order backlog levels which put very high demand on our supply chain and operating capacities. We extended working hours to night shifts and weekend days, adding to our facility-related energy demand. While not fully correlated, these extensions of facility working hours also added to employee working hours. These extensions of operating hours, as well as the adverse weather conditions previously discussed, were the main drivers of a 5.5% increase in absolute Scope 1 GHG emissions. When we measured Scope 1 GHG emissions intensity on the basis of per employee hours worked, the year-to-year increase is reduced to 2.9% in 2022.

	MT CO2eq emissions per 1000 Hours Worked					
	2019	**2020**	**2021**	**2022**	**2025 Goal**	**2030 Goal**
Total Scope 1 Carbon Intensity	3.53	3.48	3.13	3.22	2.80	2.09
% Change from 2019 Base Year		-1%	-11%	-9%	-21%	-40%

As part of our commitment to reduce our total Scope 1 & 2 GHG emissions intensity by at least 50% by 2030, we believe that about a 40% reduction in Scope 1 emissions intensity will be necessary. In 2022, our Scope 1 emissions intensity was 9% lower than the 2019 baseline. In 2023, we expect to realize favorable Scope 1 impacts from several facility improvements implemented in late-2022, most notably the replacement of a fuel-oil, forced air heating system with a natural gas, radiant heating system at our Salford Priors manufacturing facility in the UK (read more about this on page 18). Ongoing efforts to consolidate our physical footprint are also expected to reduce operational emissions in 2023, particularly the closing and sale of our manufacturing facility in Leavenworth, Kansas.

As discussed on page 15, our 2023 capital investments in energy-efficient building improvements are expected to be nearly $5 million, or more than half of our planned 2023 capital authorizations with sustainability impact. These building improvements include improvements in roofing and other building insulation, fast closing doors, more efficient heating and cooling systems, improved plant air filtering and exhaust systems, and fans to improve and de-stratify air movement within our facilities. All of these efforts should help keep us on track to nearly double the reduction of our Scope 1 carbon intensity by 2025 and remain on the glide path for a 40% reduction by 2030.

CASE STUDY

REDUCING OPERATIONAL EMISSIONS - NEW HEATING SYSTEMS AT OUR SALFORD PRIORS MANUFACTURING PLANT

Radiant heating systems deliver heat directly from the hot surface to the people and objects in the room via infrared radiation. Radiant heating is more efficient than forced-air heating because it eliminates duct losses.

Prior to the fourth quarter of 2022, our Salford Priors manufacturing facility in the UK had been utilizing a fuel oil heating system with ten "warm air" blowers which required 3000kW of power. We replaced this old heating oil system with a natural gas radiant heating system which requires only 1440kW of power and more effectively heats the plant buildings where it is installed.

The total cost for new system was about $440,000 with an estimated payback period just under three years.

We also expect this investment to reduce this facility's annual Scope 1 GHG emissions by 220 metric tons of CO2 equivalents.

OPERATIONAL GREENHOUSE GAS EMISSIONS — SCOPE 2

	2019	2020	2021	2022	2025 Goal	2030 Goal
Absolute Measurements						
Total Electricity Consumed (MWh)	54,202	48,789	50,583	48,982		
Scope 2 GHG Emissions - Location Based (MT CO2 equivalent)	22,753	19,250	18,498	18,545		
Scope 2 GHG Emissions - Market Based (MT CO2 equivalent)	23,671	20,541	17,460	15,986		
Measures of Intensity	**kWh Consumed/1000 Labor Hours Worked**					
Electricity Consumed	6.96	6.99	6.28	5.92	5.84	4.57
Scope 2 GHG Emissions - Location Based	2.92	2.76	2.30	2.24	1.80	1.14
Scope 2 GHG Emissions - Market Based	3.04	2.94	2.17	1.93	1.63	1.14
Grid and Renewable Power Mix	**% of Total Electricity Consummed**					
Electricity Taken from Grid	**100.0%**	**100.0%**	**99.3%**	**99.1%**	**95.0%**	**90.0%**
Renewable Power from Onsite Generation	0.0%	0.0%	0.7%	0.9%	5.0%	10.0%
Renewable Power from Power Purchase Agreements	1.3%	1.2%	3.6%	4.2%	2.0%	0.0%
Renewable Power from the Grid	20.8%	21.8%	24.3%	23.7%	33.0%	40.0%
Total Renewable Power Consumed	**22.0%**	**23.0%**	**28.6%**	**28.8%**	**40.0%**	**50.0%**

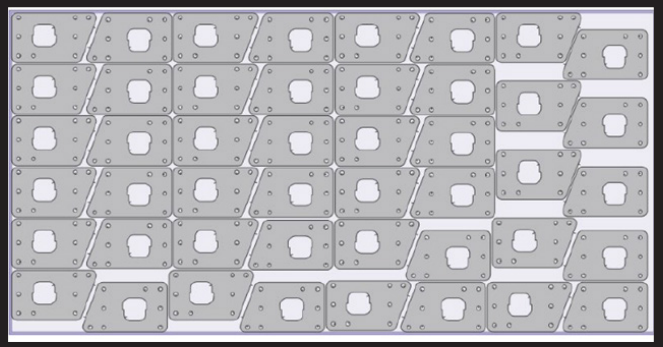
In 2022, we reduced our absolute consumption of electricity by 1,601 MWh. This 3% absolute reduction was achieved despite higher production volume and significant insourcing of production processes. In terms of energy intensity (kWh per 1000 hours worked), our electric power consumption was 6% lower than prior year. Compared to 2019, the baseline year, our absolute reduction of electric power consumption is now nearly 10% while we are almost 15% lower than base year measured in terms of electric power intensity.

We disclose both location-based and market-based Scope 2 emissions. To calculate market-based emissions, we zeroed the location-based emissions covered by renewable and carbon-free power purchase agreements, converted U.S. locations using the most recently published residual grid conversion factors, and continued to use grid-average emissions rates to measure locations for which no residual grid data was available. In 2022, our location-based Scope 2 emissions and renewable power mix measurements were negatively affected by an average 4% increase in the per kilowatt-hour eGrid conversion factors and renewable power mix statistics most recently published by U.S. Environmental Protection Agency. The previously published eGrid factors had been favorably affected by the pandemic shutdowns. Despite this increase, we managed to limit absolute Scope 2 location-based emissions to a 47 metric ton increase of CO2 equivalents and reduce location-based Scope 2 carbon intensity by 3%.

Market-based Scope 2 residual-grid emissions conversion factors for U.S. locations have not been as recently updated as have comparable grid-average factors, causing a more favorable result using the market-based method this year.

Compared to our baseline year, our absolute location-based Scope 2 emissions are now down over 18% or 4,208 metric tons of CO2 equivalents, while market-based Scope 2 emissions are down over 32% or 7,683 metric tons. Location-based Scope 2 carbon intensity is down over 23% and market-based Scope 2 carbon intensity is down nearly 36% since the baseline year.

In 2023, we plan to complete our transitions to energy-efficient LED lighting and inverter power sources for welding. Our plans include additional investments in fiber laser cutting technology, as well as energy-efficient air conditioning units, air compressors and building improvements. We remain on track and committed to achieving a greater than 60% reduction in our Scope 2 emissions, both location and market-based, by 2030.



USING FIBER LASER CUTTING TECHNOLOGY TO REDUCE BOTH OPERATIONAL AND VALUE CHAIN EMISSIONS

In recent years, the technology behind high-power fiber laser generators has significantly improved. For steel sheet and thin steel plate cutting, fiber lasers are gradually replacing traditional CO2 lasers. Their use of a flexible light-guiding system and a constant beam transmission distance avoids poor cutting quality caused by changes in the light path length of CO2 laser generators, ensuring consistent cutting quality throughout the cutting width. The shorter wavelength of a fiber laser is more easily absorbed by metal materials compared to the wavelength of a CO2 laser. This is particularly beneficial for sheet metal cutting, with 50% to 90% faster cutting speeds than legacy CO2. More efficient steel cutting also reduces energy consumption.

Another power-saving feature of fiber lasers is that they only draw power while actually cutting. In contrast, CO2 laser gas is continuously vacuumed through a discharge tube using a vacuum pump requiring continuous power during operating hours, even when the machine is not cutting steel.

Faster cutting speeds, higher quality and lower power consumption were the key considerations motivating our significant investment in fiber laser cutting technology. Recently, we worked with a manufacturer of laser cutting machines to measure the actual time and electric power required to cut a specific nest of parts to establish a baseline estimate of the cutting capacity and power consumption impacts of these investments. The nest we used required 460 pierces and 6,150 inches of linear cutting (pictured above). Completing it took anywhere from 11 to 98 minutes and consumed from 14 to 64 kWh, depending on the type and power rating of the laser cutter and the thickness of the material used. Comparing a 4kW fiber laser to a legacy 4.4kW CO2 laser, when cutting thinner material (3/8 inch or less), the cutting speeds were comparable, but the fiber laser cutter used 65% less electricity than the legacy machine. When the steel plate thickness was increased to ½ inch, the 4kW fiber laser cut 55% faster and consumed 80% less electricity than the legacy machine. A 15kW fiber laser cut 25% faster and used 25% less electricity cutting ¼ inch plate, and this improved to a 67% when cutting 3/8-inch plate, and 90% when cutting ½ inch plate.

No doubt, fiber lasers reduce the working hours and electricity required to produce specific, comparable parts. Fiber lasers also expand our internal steel cutting capacity, leading to more insourcing of more laser-cut parts previously provided by third party suppliers. We need to account for insourcing when assessing our operational energy management performance. Studies like these, coupled with supplier inquiries, are a model to help us assess and quantify the full value chain environmental impacts of these investments.

WATER CONSERVATION

		2019	2020	2021	2022	2025 Goal	2030 Goal
Water Conservation	**Water Used (Cubic Meters)**	105,096	97,851	98,647	82,420	80,000	75,000
	Water Recycled (Cubic Meters)	-	-	2,000	2,308		
	Wastewater (Cubic Meters)	105,096	97,851	96,647	80,112		

As part of our overall risk assessment, we used the World Resources Institute's water risk atlas application Aqueduct™ to determine that none of our manufacturing operations reside in high water risk areas. Nor do our products or production processes require large quantities of water use.

Nevertheless, we still invest time and money to find ways to conserve water resources by implementing rainwater harvesting, recycling water in our operations and reducing leakage waste.

An upgrade to pre-paint shot blasting and parts washing systems at our Bush Hog plant in Selma, Alabama significantly contributed to a 50% reduction in water usage at that facility and accounted for most of the 16% year-to-year improvement company-wide. Continued attention to upgrading bathroom fixtures and other sources of water leakage at several other facilities also reduced our overall consumption of water resources.

Increased water recycling at our Wooster, Ohio manufacturing facility, in addition to the water conservation initiatives mentioned above, contributed to a 17% year-to-year reduction of wastewater generation.

WASTE AND RECYCLING

		2019	2020	2021	2022	2025 Goal	2030 Goal
Waste Diversion	**Landfill Waste (kg)**	3,225,514	2,776,180	2,741,035	2,545,304		
	Landfill Waste Intensity (kg/1000 Hours Worked)	414	398	340	307	280	207
	Waste Incinerated (kg)	14,621	71,621	129,298	132,308		
	Waste Recycled (kg)	13,731,748	12,243,285	14,019,279	13,555,641		
	% Total Waste Recycled	81%	81%	83%	84%	87%	90%
Hazardous Waste	**Hazardous Waste per EPA Guidelines (kg)**				380,693		

WASTE AVOIDANCE & DIVERSION:

Alamo Group companies continued to design and implement waste diversion strategies tailored to their operations, geography, and product lines. We continue to improve these programs by identifying additional waste reduction, reuse and recycling opportunities, providing ongoing employee education, and seeking out the best waste solution providers. In 2022, despite higher insourcing and production volume, our landfill waste, in absolute terms, was 7% lower than prior year, and 21% below the baseline year total. Measured in terms of intensity, we reduced landfill waste 10% from the prior year, and now stand at 26% below base year levels. We remain committed to our 2025 and 2030 targets to reduce landfill waste by 33% and 50%, respectively, below the base year level.

Most of our waste reduction efforts are focused on the crates, pallets, and other packaging materials we receive from our inbound supply chain. Working with our suppliers, we are reducing unnecessary packaging though the use of returnable racking and other reusable containers which can be picked up by and be continuously reused by suppliers who make regular deliveries to our facilities. We have also implemented initiatives, including the use of cardboard shredders, to reuse inbound packaging materials to facilitate outbound shipments or recycle these materials whenever possible, and we continue to work with some suppliers to design inbound crating that can be efficiently stored and reused for outbound shipments. We have also invested in balers and compaction equipment to facilitate recycling of the corrugated materials we cannot reuse ourselves, and we have implemented recycling programs to address other waste streams. In 2022, the largest portion of recyclable waste, by weight, remains scrap metal. Investments in fiber laser technology, nesting software upgrades, and scale benefits from insourcing more of our laser cut steel parts should improve plate yields and reduce our volume of steel scrap.

Hazardous Waste – Our facilities manage the hazardous waste disposal process while facilitating a safe work environment that complies with local, state, and federal regulations. Hazardous waste is properly handled in our facilities, following proper safety protocols, and hauled away by licensed operators for recycling or disposal. In 2022, we began aggregating our worldwide hazardous waste disposal and standardized the reported measurement in alignment with EPA guidelines, as a solid waste containing known hazards and exhibiting at least one of the following properties: ignitability, corrosivity, reactivity or toxicity. Using this standard, the hazardous waste produced in 2022 by Alamo Group facilities worldwide totaled 380,693 kg. We do not have comparable prior year amounts prepared on this basis. Most of our hazardous waste generation is tied to wet paint and related solvents. Because our largest manufacturing facilities have converted to powder coat dry paint systems, we are a relatively low emitter of hazardous waste.

CASE STUDY

ALAMO GROUP'S 2022 UNDISPUTED LANDFILL WASTE REDUCTION CHAMPION!

While many of our facilities decreased absolute landfill waste by 10% or more, our undisputed champion of landfill waste reduction was the Old Dominion Brush (ODB) manufacturing facility located in Richmond, Virginia. In 2022, this one facility accounted for 56% of Alamo Group's absolute reduction of landfill waste, reducing the amount of waste they sent to the landfill by 75%, or nearly 178 metric tons. They achieved this impressive performance by reusing 100% of their Gaylord boxes, recycling 100% of their purchased pallets, and using returnable dunnage for 20% of the inbound materials they receive. ODB also utilized the services of a mobile trash compaction service to further reduce the number of trips required to haul their remaining landfill waste.

VALUE CHAIN EMISSIONS

Alamo Group will continue to make significant progress toward reducing its own environmental footprint, but our materiality and risk assessments indicate that we face some potentially large climate-related challenges to our sustainable growth objectives. Many of these are found in the environmental footprints we share with other members of our value chain, particularly our customers and suppliers. Because we share these environmental footprints, reducing our impact requires collaboration. As a result, the focus of our sustainable business practices must also focus on the design and development of the products we manufacture and sell, as well as the supply chains that support our production processes.

Managing Upstream Value Chain Sustainability - We hold our third-party suppliers to the same environmental and social policies that we apply to our own company. We have begun to routinely ask our suppliers for information regarding their efforts to improve workplace diversity and reduce GHG emissions, in particular. Our inquiries are often supplemented by internal evaluations and analysis, particularly when we are seeking data for materials supplied or services provided that are relatively generic, such as purchased freight services and the production and processing of purchased steel plate. We are also very interested in analyzing the environmental impacts relevant to make vs. buy decisions. New technologies often involve trade-offs, and whenever practical, we need to consider full value chain impacts at the decision-making level.

Reducing Downstream Environmental Footprints - The equipment we manufacture is primarily used by local governments, industries, farmers, ranchers, and contractors to maintain vital infrastructure and produce food. Advances in alternative energy technologies will help us design products with reduced environmental impacts, and our customers are constantly finding ways to use our products to produce positive environmental handprints. Many Alamo Group products are already addressing climate risk adaptation in our vegetation management, infrastructure maintenance and industrial equipment offerings.

The power source needed to operate most of the heavy equipment we produce is usually a diesel engine, and there is no doubt that customer use of our products is by far the largest environmental impact in our value chain. In recent years, we have redesigned our products to accommodate progressively cleaner diesel engine technologies, but advances in electric vehicles and other alternative fuel technologies are opening doors to a variety of power platforms that could be used for many of our future products. Integrating clean energy technologies into our product development processes is critical to our future success.

In this year's report, we focus on the development of new all-electric and hybrid-electric products in our excavator, sweeper and woodchipper product lines, and we also provide updates on some sustainable products we discussed in last year's report. Our sustainable product development discussions are organized as follows:

- Reducing GHG Emissions with All-Electric Excavation
- Reducing GHG Emissions with All-Electric Full-Size Street Sweeping
- Reducing GHG Emissions with Hybrid-Electric Mid-Size Sweepers and Woodchippers
- Updates on Sustainable Products Discussed in the 2021 Sustainability Report
- Managing Product Safety

SUSTAINABLE PRODUCT DEVELOPMENT
Reducing GHG Emissions with All-Electric Excavation

GRADALL EL 4100 ALL ELECTRIC EXCAVATOR

Alamo Group's Gradall team partnered with Volvo Penta, their primary engine supplier, to develop a fully electrified version of the Gradall XL 4100 V highway speed telescopic boom wheeled excavator. The zero-emissions concept machine, named EL 4100, was on display at the ConExpo show in March.

The concept machine is powered entirely by two Volvo Penta battery packs, matched to the duty cycle of the excavator, which fit neatly into the existing engine bay. The electric driveline system from Volvo Penta also includes the complete high voltage system – electric motors, gearboxes, inverters, junction boxes and cabling.

The partnership between Volvo Penta and Gradall began in 2014 when Volvo Penta became the exclusive supplier of Tier 4 Final engines for Gradall's diesel-powered telescopic boom excavators. This nearly decade-long partnership made Volvo Penta the obvious choice for the company's first step into electromobility.

SUSTAINABLE PRODUCT DEVELOPMENT

Reducing GHG Emissions with All-Electric Full-Size Street Sweeping

SCHWARZE M6 AVALANCHE ALL-ELECTRIC SWEEPER

In collaboration with our partners at Daimler Trucks North America, Alamo Group developed and introduced a fully electric Schwarze M6 sweeper prototype at the ConExpo Show in March. This all-electric version of our M6 sweeper is mounted on an all-electric Freightliner M2 vocational chassis and is designed to do the same job the diesel hydraulic M6 sweeper does today. Over the next few months, the prototype unit, which charges from standard CCS level 2 charger, will be used to test all electric sweeping and chassis operations in a variety of challenging engineering and field use environments. The sweeper design uses electric motors to drive all brooms, elevator, pitch, tilt, GEO, and elevator retract. It eliminates 90% of the hydraulics deployed in the legacy M6, requiring hydraulic power only for the scissor lift and hopper dump. This increases efficiency 35% and eliminates the need for a secondary engine. The truck and sweeper prototype carries a 240kWh battery capacity, though the final battery size will be determined after field testing. The design also features 48V isolated ground sweeper voltage for safety, serviceability, and manufacturability. We expect the electric truck chassis to be available in production quantities later in 2024.

SUSTAINABLE PRODUCT DEVELOPMENT

Reducing GHG Emissions with Hybrid-Electric Mid-Size Sweepers and Woodchippers

TIMBERWOLF TW 280HB HYBRID-ELECTRIC WOODCHIPPER

In recent years, tighter regulation of diesel engine emissions, particularly in Europe, have led to the establishment of exclusion zones, where diesel engines over a certain size are not permitted to operate. For example, the City of Paris has established Low Emissions Zones, where engines running diesel-powered equipment must be 25-horsepower (hp) or less. This new Timberwolf TW 280HB's hybrid powertrain utilizes a 37-hp generator synchronous electric motor and a bank of three supercapacitors rather than a battery. The system is completely self-charging, with no external charging required. During operation, power is repeatedly stored into, and then drawn out of the capacitor bank to meet peak chipping power requirements. This design meets the dual challenge of exceptional 62-hp peak chipping performance while using a 24.8-hp Kubota turbo diesel engine for outstanding applied torque.

This new product was most recently shown at the March 2023 ConExpo Show, and initial shipments have already been made to customers. Customer interest is high and initial demand for this product is strong. Fuel efficiencies are expected to reduce greenhouse gas emissions by at least 37% compared to the legacy product and other products available on the market.

NITEHAWK ELECTRIC-HYBRID RAPTOR MID-SIZE SWEEPER

The Electric-Hybrid Raptor prototype, a hybrid electric version of the legacy Raptor II, was introduced in early 2023. It is designed to address demand for a mid-size chassis mounted hybrid sweeper in the Fixed Based Operator, Municipal, and Contractor markets. The Electric-Hybrid replaces a chassis engine driven hydraulic piston pump with an electric generator. The system features a Li-ion battery pack that can be charged between shifts and as needed by the engine driven generator. This enables full sweeper system performance at all operational sweeping speeds. Electric components replace hydraulic versions with equal or better performance and the payload capacity is unchanged from the legacy Raptor II. After a few months of extensive testing, we expect initial production and sales in the fourth quarter of 2023.

SUSTAINABLE PRODUCT DEVELOPMENT

Updates on Products Discussed in the 2021 Sustainability Report

In last year's annual sustainability report, we discussed several new sustainable product developments. While some of these new products are still in the pre-introduction phase, several others have been already introduced to the market and have seen strong customer demand. We provide an update for four of those products below:

Old Dominion Brush (ODB) Eco Mode™ leaf vacuum control systems – Since the start of production and first shipment in late 2020, we have sold and shipped nearly 100 units, and we have over 50 more in the order backlog. The resulting fuel savings are estimated to be about 3 gallons per hour, and we believe the units already in the field are reducing our customers' annual diesel fuel consumption by about 120,000 gallons and their annual CO2 equivalent emissions by more than 1,200 metric tons.

The McConnel PA4830 VFR is the world's lightest and most compact Power Arm flail cutter with Variable Forward Reach (VFR) technology. Introduced in 2022, it has already received strong demand from the market. Unlike legacy VFR products that require a 90hp tractor and consume 3.1 gallons of fuel per hour, the new PA4830 VFR design mounts to a 62hp tractor and uses just 2.5 gallons of fuel per hour – a 17% reduction. With over 50 units now in operation throughout the World, McConnel customers are already saving 18,000 gallons of fuel and avoiding 185 metric tons of CO2 equivalent emissions annually.

Conver 485-E Fully Electric Mowing Boat – One our first fully-electric machines introduced to the market, this product serves what is currently a very narrow niche with above-average growth potential. The Conver 485-E carries a 71.5kW battery pack that lasts up to 8 hours between charges. Customer interest has been very strong, and shipments of these units began in 2022. A legacy diesel-powered mowing boat is estimated to consume 1,600 liters of fuel annually, all of which is eliminated each time it is replaced with one of our Conver electric boats. In Europe, the offsetting carbon footprint of electricity consumed during recharging is very light, and we estimate that each electric boat sold reduces a customer's annual CO2 equivalent GHG emissions by at least 4 metric tons. With 8 units now in field, our customers are already avoiding an estimated 32 metric tons of CO2 equivalent GHG emissions annually.

Brazilian Sugar Cane Transshipment Truck Collaboration - Santa Izabel, our operating company in Brazil, collaborated with key supply chain members in the development of an innovative fleet of autonomous transshipment trucks. Their contribution to the 20 Ton Grain Transshipment collaboration was the novel cage construction utilizing high-strength steel and reducing the weight of the unit by 8,818 lbs. This reduction in the weight, combined with the usage of more efficient truck engines, contributes to an estimated 50% fuel reduction in the transshipment operation, compared to the legacy tractor-trailer combination, greater preservation of the sugarcane crop area, and faster resumption of operations after rainstorms. Other key features of this product include 20% smaller tires than those used on tractors, reducing the traffic area and soil compaction, and 33% longer service life than tractors, now estimated to be 10+ years under good maintenance conditions. Annual sales growth of this product is currently exceeding 35%. Nearly 900 units have been produced and shipped to date, and just the products already in the field are reducing our customers annual fuel consumption by 8.6 million gallons and their annual greenhouse gas emissions by about 88,600 metric tons, which is more than double Alamo Group's total annual Scope 1 & 2 emissions combined. We expect another 400 of these units to be built and shipped in 2023.

SUSTAINABLE PRODUCT DEVELOPMENT
Managing Product Safety

Managing Regulated Chemicals
To manage harmful chemicals and noxious substances both in the manufacturing process and wherever our products are being used, Alamo Group companies use best practices in compliance with regulations for workplace health and safety, and environmental protection.

Mixtures, fuels, solvents, paints, and dusts are all considered hazardous chemicals or materials that may be present in our facilities. Extensive employee training is provided to help workers identify hazardous chemicals and noxious substances; assess and control their risks in the workplace; understands the regulatory requirements, and safely store and transport these materials.

In recent years, there have been many updates in the global and domestic chemicals regulations that are likely to have a significant impact on how we manage supply chain and product safety. Our corporate Technical Affairs and Safety team works closely with Alamo Group companies to obtain data from suppliers to better understand where, if any, of these harmful chemicals are being used, and what are safe substitutions options that protect the safety and function of our products and ensure the safety of any operators engaged in disassembling our product during their end-of-life phase.

Product Safety Summit
In May 2022, Alamo Group held its first annual Product Safety Summit in Prattville, Alabama. Thirty-three employees from across the company participated in the summit. Product Safety training was conducted, and the topics that were discussed included standards, guidelines, regulatory and legal considerations, warnings and instructions, sustainability, and supply chain. This meeting was a great opportunity for cross-functional training, sharing of best practices, and collaboration between engineers, technicians, and technical publications writers.

PEOPLE & COMMUNITIES

EMPLOYEE DEVELOPMENT

In 2022, the Company introduced the Alamo Group Learning and Development Academy, incorporating four key pillars for employee and leadership development:

- AGILE (Alamo Group Inspiring Leadership Excellence) – a foundational Supervisor and Management development program.
- Continuing Education – In partnership with Cornell University, Alamo Group offers certification in Sales, Project Management, Product Management, and other programs.
- Skilled Frontline Leadership Training - Ten module series conducted by certified Front Line Leadership facilitators enabling leaders to create work environments that foster employee engagement, improve performance, and increase employee satisfaction.
- Alamo Group Core Competency Development.

Bush Hog employees are recognized for completing AGILE training.

SUPPORTING OUR COMMUNITIES

Giving back to the local areas where we do business is an important part of Alamo Group's 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 work with diverse organizations in our communities to advance economic, environmental, and societal issues and share best practices across industries through our efforts.

$363,916 Alamo Group donations in 2022

120 U.S. employees completed agile training

7 HR professionals became certified instructors

20 U.S. employees completed the frontline leadership program

10 sales professional graduates

30 total enrollments in various Cornell certifications

5 project management graduates

EMPLOYEE WELLNESS & FAMILY-FRIENDLY 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, flexible spending accounts for healthcare and dependent care, employee discounts, profit-sharing and/or performance bonus eligibility, as well as opportunities for training and development.

- Benefits are available for same-sex and domestic partners
- Two employee assistance programs are available for employees and family
- Paid sick time includes care for family illness and medical appointments
- 401(k) retirement plan with company match
- Parental leave under FMLA
- Similar benefits are offered to our employees in other countries based on local laws and traditions

Robert Henderson operates a new CNC Blade Bar Mill machine at Bush Hog. The machine was purchased in 2022 to streamline milling efforts.

OUTREACH EFFORTS TO IMPROVE DIVERSITY

In 2022, Alamo Group continued its strong partnerships with diverse community groups and updated its policies and procedures.

Alamo Group's outreach efforts have yielded an increase in diversity in most job categories. These actions include participating in high school and vocational training school career days, offering plant tours, attending job fairs specifically for veterans, and pressing search firms to source more diverse candidates, including passive diversity candidates who are not actively seeking new opportunities to attract them to our company.

DEVELOPING FUTURE GENERATIONS OF SKILLED WORKERS

Darlene Arriaga leads a facility tour of Alamo Group (TX) for Manufacturing Day attendees, which included local high school students.

Nearly every operating company in the U.S. participated in Manufacturing Day 2022, engaging with local high schools and vocational education institutions to create and sustain a multi-skilled workforce. Included activities:

- Company sponsored local high school robotics teams
- Partnership with local group "Girls with Goggles" to support women in STEM roles
- Participation in a Manufacturing Camp
- Partnership with Peoples Inclusive Welding, a welding training program

114 Dependent Scholarships were awarded to qualified dependents of Alamo Group employees in 2022, totaling

$28,500

GOVERNANCE & 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 nine-member Board with seven independent members, including three 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 five 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's review and consideration
- 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.

ETHICS AND COMPLIANCE

A strong ethical culture starts at the top. CEO Jeff Leonard 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 2022, all of our employees completed the training.

Our anti-corruption and trade compliance program is managed under the direction of the Executive 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 toll-free numbers. Alamo employees and board members are required to complete Ethics and Code of Conduct training annually.

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

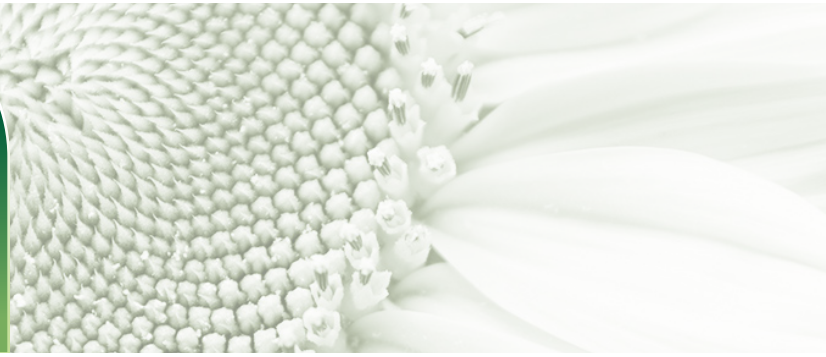
Implementing procedural safeguards including access to information or systems based on business requirements, the use of multi-factor authentication and strong password enforcement with ongoing efforts to minimize the number of passwords employees must rely on. Procedures to promptly update employee access after role changes are also in place to limit abuse after a change in responsibilities.

Sustainability-related policies can be found on our website, including:
- Business Code of Conduct
- Conflict Minerals Policy & Report
- Corporate Governance Guidelines
- Environmental Policy
- Safety Guidelines & Safety Code of Ethics
- Labor & Human Rights Policy
- Privacy Policy
- Supplier Code of Conduct

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.

ABOUT THIS REPORT



BOUNDARIES AND SCOPE

This is Alamo Group's fourth annual sustainability report, based on calendar year 2022 data. We follow the World Resource Institute's Greenhouse Gas (GHG) Protocol and use the Sustainability Accounting Standards Board (SASB) Industrial Machinery Standard to guide our reporting boundaries and disclosures. Data collection covers all Alamo Group facilities, both manufacturing and non-manufacturing, except for a few small (one to two-person) operations where either the landlord maintains operational control of the facility, or the emissions are considered too small to justify data collection. The locations excluded from this report consist of seven small service shops in France and a small, now-closed, truck upfitting center in Vermont. Our greenhouse gas inventories include all relevant sources of Scope 1 and 2 emissions, including direct purchases of fuel oils, but our data collection is not complete with respect to indirect fuel purchases for company-controlled vehicles driven by field sales personnel. Such indirect purchases of fuel are reimbursed to employees as travel expenses. Our greenhouse gas inventory planning addresses methods for more complete data collection, but we do not believe the above omissions are currently material to our reported results.

ASSURANCE AND VERIFICATION

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 to review the contents for accuracy, completeness and clarity, but the report is not externally assured and the data within this report has not been third-party verified.

RESTATEMENTS & USE OF ESTIMATES

Consistent with GHG Protocol guidance, we have restated prior year measurements for structural changes, such as mergers & acquisitions. In this report, we have included the recently acquired the UK-based Timberwolf chipper manufacturing business, including appropriate adjustments to prior year and baseline year results to maintain comparability.

When accounting for mergers & acquisitions and structural changes, we gather data for the comparable pre-acquisition periods when available and material to our results. For smaller facilities, we sometimes estimate pre-acquisition emissions based upon the first twelve months data collection under our operational control. When measuring small sources of GHG emissions, we occasionally use estimates when actual data is unavailable. We are working to continuously improve the precision and completeness of our greenhouse gas inventories. When more precise or complete data is developed, we will report using the more reliable data source and adjust prior year results if comparability is meaningfully enhanced. These adjustments to prior year results in this year's report were not significant.

MEASURES OF INTENSITY

Some of our environmental measurements are at least partially variable to the level of production activity. As a result, we state some amounts relative to an estimate of production output based upon employee hours worked. This base includes permanent and temporary employee hours worldwide.

FOR MORE INFORMATION

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

Corporate Sustainability Team
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, 2022, filed on February 23, 2023.

ESG TEARSHEET

Indicator	UOM	2022	2021	2020	2019
Electricity					
Vegetation Management Division	MWh	31,877	32,886	30,060	31,512
Industrial Equipment Division	MWh	16,920	17,535	18,558	22,496
Corporate	MWh	186	162	171	194
Renewable Energy - Electricity					
Vegetation Management Division	% of total	22.2%	21.8%	17.9%	16.9%
Industrial Equipment Division	% of total	34.9%	34.9%	30.5%	28.8%
Corporate	% of total	25.7%	22.8%	19.8%	18.2%
Natural Gas					
Vegetation Management Division	mcf	256,981	246,064	227,496	237,966
Industrial Equipment Division	mcf	134,568	120,093	119,445	148,830
Total Energy Use					
Vegetation Management Division	gigajoules	415,671	406,699	379,138	400,569
Industrial Equipment Division	gigajoules	227,988	215,057	218,560	272,775
Corporate	gigajoules	668	582	615	700

Indicator	UOM	2022	2021	2020	2019
Propane					
Vegetation Management Division	scf	3,205,842	3,094,032	2,780,720	3,007,604
Industrial Equipment Division	scf	4,931,088	5,272,661	5,139,941	6,715,983
Fuel Oil					
Vegetation Management Division	US gal	139,913	134,942	154,648	186,474
Industrial Equipment Division	US gal	76,851	71,189	77,249	108,779
Acetylene & Propylene					
Vegetation Management Division	scf	135,928	129,400	197,658	148,652
Industrial Equipment Division	scf	15,391	13,141	8,642	8,927
Scope 1 Emissions					
Vegetation Management Division	MT Co2e	17,183	16,575	15,663	16,580
Industrial Equipment Division	MT Co2e	9,458	8,662	8,660	10,908
Scope 2 Emissions (Location-Based)					
Vegetation Management Division	MT Co2e	13,655	13,712	13,389	14,956
Industrial Equipment Division	MT Co2e	4,821	4,728	5,794	7,714
Corporate	MT Co2e	69	60	68	83
Scope 2 Emissions (Market-Based)					
Vegetation Management Division	MT Co2e	11,356	12,298	14,159	15,202
Industrial Equipment Division	MT Co2e	4,553	5,094	6,306	8,375
Corporate	MT Co2e	76	68	76	94

Indicator	UOM	2022	2021	2020	2019
Water Consumption					
Vegetation Management Division	cubic meters	52,850	66,543	67,545	60,756
Industrial Equipment Division	cubic meters	28,291	31,120	28,855	42,768
Corporate	cubic meters	1,279	984	1,451	1,572
Total Waste to Landfill					
Vegetation Management Division	kg	1,133,549	1,218,893	1,253,471	1,475,057
Industrial Equipment Division	kg	1,403,697	1,516,523	1,515,083	1,740,570
Corporate	kg	8,059	5,619	7,626	9,887
Waste Recycled					
Vegetation Management Division	% of total	87%	86%	87%	87%
Industrial Equipment Division	% of total	78%	78%	71%	71%
VOC Emissions					
Vegetation Management Division	pounds	223,024	217,566	155,465	167,195
Industrial Equipment Division	pounds	137,717	130,724	175,635	210,772