

# VERMEER ESG SUMMARY

*October 2021*



# WE'RE IN A CONSTANT PURSUIT TO FIND A BETTER WAY TO DO IMPORTANT WORK.

For more than 70 years, finding a better way has been a refrain that has inspired the way Vermeer does business. Our 4P philosophy (principles, people, product, profit) has set the foundation for how we treat others and the world around us. For the last 25 years, we've also been guided by a spirit of continuous improvement that has extended through every part of our operations.

Combining our 4P foundation with our continuous improvement spirit, we strive to make purposeful improvements in environmental, social and governance (ESG) impacts as we build, distribute and support Vermeer equipment doing important work around the world. Taking care of others and the world around us is at the core of our 4P philosophy and has built the culture and brand we are today. As we work with our customers who are equipped with Vermeer machines to help feed and fuel our communities, manage natural resources and connect people to life's necessities, we are committed to finding a better way to care for our environment, our people and our business around the world.

Jason Andringa  
*President and CEO*



# OUR ESG STORY STARTS WITH HOW WE CARE FOR OUR



Environment



People



Business

# A BETTER WAY TO CARE FOR OUR ENVIRONMENT.

Vermeer designs and manufactures yellow iron that helps our customers do essential work we all depend on, while helping to manage the impact on our precious natural resources and the environment we all need and enjoy for a life well lived. The way we design, build and distribute our equipment is guided by a collective mindset of continuous improvement while also reducing wasted time and materials. From our suppliers and our factories to our dealers and our customers, we work together, and improve together, in three important ways:

Improving market methods | Improving equipment design | Improving manufacturing process



# IMPROVING MARKET METHODS

Our equipment is designed to do critical work in the markets we serve with the least amount of environmental disruption or disturbance. We have a long history of finding a better way to innovate equipment to feed and fuel the world, manage our natural resources and install infrastructure that keeps people connected to the necessities of life. With every product we commercialize, we work to improve the way work gets done to minimize the impact on the natural or human environment over previous Vermeer models or other equipment currently available in the market. Key examples include:



## A better way to make hay

In 1971, Vermeer introduced the world to the large, round hay baler to harvest and forage products on the farm in a much more efficient and labor-saving way. What was once the job of many could now be done by one person. Since then, Vermeer has led the way in hay and forage harvesting and processing innovations for more than five decades. And today, we operate with the aspiration to help eliminate at least one machine pass in the field every five years with new equipment innovation – ultimately reducing time worked and fuel used.



## A better way to manage our forests and organic waste

In the 1950s, Gary Vermeer and his team invented the first commercial stump cutter, paving the way for an entire lineup of equipment focused on sound tree care and organic waste processing. From stump cutters and brush chippers to large grinders, trommel screens and compost turners, our environmental product line is continuously helping to improve our natural environment. This includes beautifying green spaces, managing forestry undergrowth to help prevent wildfires, processing and composting wood waste so it can be converted to biomass, recycled and reused, and manage wooded areas around electrical lines to prevent damage or disruption.

# IMPROVING MARKET METHODS



## A better way to build our solar and renewable energy infrastructure

Wind and solar farms are growing in importance around the world as the demands for more renewable energy sources arise. Vermeer is working with energy companies worldwide to find better ways to help install these renewable solutions quickly and efficiently with minimal disruption. This includes using our wood recycling and processing equipment to maximize recycling during site preparation; using our innovative pile drivers to provide a more efficient way to install solar panels; and using our plows, trenchers and horizontal directional drills (HDDs) to help reduce the amount of equipment needed to plug the wind turbines and solar panels into the grid.



## A better way to install utilities

Utility installation is critical to community development. Whether it's connecting high-speed fiber lines, water and sewer pipes, or moving electric utilities underground to help prevent damage from natural disasters, Vermeer underground utility installation equipment is used. Today, our HDDs are used to help install these utilities in minimally invasive ways, and they are constantly being improved to help reduce noise and environmental emissions while doing their work. Our investments in a complete lineup of vacuum excavators are used to expose underground utilities to help improve the precision of underground utility work. And finally, our company has a commitment to invest in technology that helps utility installation contractors better manage and reduce water use on jobsites.



## A better way to extract metals and minerals

Our world depends on the mining industry to extract precious metals and minerals to be used in all kinds of technology and devices, including Lithium batteries that are helping drive lower emissions. For 20 years, Vermeer has been educating the mining industry on the value of continuous surface mining using the company's family of Terrain Leveler® surface excavation machines (SEMs) that can help precisely mine the desired ore while reducing dust, noise and environmental disturbance caused by traditional mining methods, such as drilling and blasting.

# IMPROVING EQUIPMENT DESIGN

As Vermeer continues to design innovative equipment, we strive to reduce fuel use, labor dependency, emissions or noise over previous or existing models. Here are examples of how we are doing that today:

- Within the markets we serve, we were among the first equipment manufacturers to commit to and comply with engine emission standards, by including Tier 4 and stage V engines across our product lines. These advanced engines minimize greenhouse gas emissions (including particulate matter and NOx) to optimize air quality while maximizing fuel efficiency and productivity. We will continue to proactively pursue compliance with evolving standards where they are in place or being demanded, and work with our partners as they explore and advance innovations around alternative fuels and power options.
- We are rapidly pursuing electric-powered equipment that can help maximize operational performance while lowering environmental impact. For more than a decade we have introduced stationary electric equipment in our large environmental product lines, including grinders and trommel screens. We are now among the first companies to introduce electric-powered equipment to the HDD market and other construction industries, giving our customers more options for lowering emissions and noise while maintaining a high level of performance and cost efficiency.



# IMPROVING MANUFACTURING PROCESS

As Vermeer grows to meet our customers' demands, we are focused on reducing our impact with each piece of equipment produced. This includes:

- Continuously reducing the amount of energy used as well as the manufacturing-related carbon emissions produced for each product manufactured throughout our global manufacturing operations. A solar field on our Pella campus provides energy for our facilities, while also powering others in the community.
- We will continue to recycle and reuse any manufacturing material possible. Today, we are able to recycle 93% of our waste materials. If we can reuse it, recycle it or reduce it, we do — from paper to wood to steel to solvent. We strive to continuously find beneficial outlets for our waste materials and find better ways other than disposal. For example: We use our grinders to recycle wood pallets into usable mulch, and our Eco Center allows us to efficiently manage and recycle our waste chemicals, oil and other materials. These activities make us one of the largest recycling manufacturers by volume in the state of Iowa.



# A BETTER WAY TO CARE FOR OUR PEOPLE.

We value our people above all else. Around the world, we are committed to creating a culture that values diversity, fairness and engagement; a nurturing work environment; training and career opportunities; and community involvement. Our goal is to create meaningful careers and equip our people to live whole lives.



Supporting diversity | A nurturing work environment | Training and career opportunities | Community involvement



# SUPPORTING A DIVERSE TEAM

We employ more than 3,600 team members across eight locations around the world. The Golden Rule is foundational to our 4P philosophy in that we believe all people matter — regardless of age, gender, race or role. We believe when a team member comes to work or logs in, they can be themselves — and the unique skills, ideas and thoughts they bring to our organization can be respectfully shared and appreciated by those around them. As a company, we measure how well our team members feel they can be themselves at work and continually improve that measure every year.

# A NURTURING WORK ENVIRONMENT

We are committed to creating an environment that equips our team to work well and go home from work in the same condition, if not better, than how they arrived. That commitment includes:

- **A culture of safety** — Across our business, safety is top of mind. Safety training and accountability are foundational to our day-to-day work. *Our goal* is 100% injury-free days. And it shows. Vermeer injury rate and DART are both better than the national averages as reported by OSHA.
- **Better workspaces** — Where our team members' work matters, too. Whether in the office or production environment, we work to help improve our team members' workspaces. Major investments in our facilities include natural light in the manufacturing space, spacious break areas and patent-pending conditioned air. *Our goal now* is to invest in bringing more natural light and conditioned air into all production facilities on the Pella campus. An all-new facility in Greenville, South Carolina, carries some of that same philosophy.
- **Workplace stability** — Stability in work supports stability in life. The Vermeer onsite early learning center, medical clinic and pharmacy in Pella, as well as a team of global health and wellbeing coaches, and chaplains help provide the services our team members and their families need in the moments that matter most. *Our commitment is* that every team member has the opportunity to participate in our annual wellness programs.





# TRAINING AND CAREER OPPORTUNITIES

Our commitment is that every team member has the opportunity from day one to feel supported and on a path for career development. We live out this commitment through:

- **Intentional development** — We're making sure every team member, no matter their role or work location, has an annual development plan by 2023.
- **Robust training** — Through various training and onboarding programs, we invest in skills, leadership and personal development. Last year, more than 32,000 hours were invested in trainings.
- **Opportunities inside** — With hundreds of job openings, nearly 40% of open positions are filled with internal talent. On top of that, we have a commitment to outpace national average turnover rates. Today, our turnover averages 20% lower than the national average for manufacturing companies.
- **Skilling up others** — Vermeer is committed to partnering with dealers and customers across our industries to help attract and train the skilled talent needed to get critical work done. Through certified and specialized training programs, delivered through Vermeer Corporate and dealers, we have trained thousands of individuals working around the world who are now experiencing rewarding careers in industries like HDD, tree care and more.



# COMMUNITY INVOLVEMENT

We give back so others can move forward. We are committed to supporting our team, dealers and customers; the communities where they live; and the causes that matter to them. This includes:

- **Giving back** — Paid volunteer time off encourages team members to give back to the communities and causes they care about. Last year, 2,389 hours were paid out for volunteer time. The Vermeer Charitable Foundation, funded via a percentage of company profits, is dedicated to providing contributions to the communities and causes that matter to our team members and organization.
- **Reaching out** — We are committed to advancing the industries we are a part of. Our outreach work includes holding key leadership positions and driving initiatives with partners, including the National Association of Manufacturing, Association of Equipment Manufacturers, Distribution Contractors Association, American Welding Society and more.

# A BETTER WAY TO CARE FOR OUR BUSINESS.

As a leading manufacturer, employer and family-held company, we believe the way we do business matters. To uphold this, we operate by governance principles that include:

- **Leadership diversity and accountability** — Vermeer is a family-held organization committed to a fair and forward-looking leadership team. The Vermeer family is committed to a composition on the board of directors of a majority of independent directors with a wide array of experience and leadership who are experts in the associated fields as well as Vermeer family members, ensuring a balanced governance system. Furthermore, family members employed at Vermeer or serving on the Vermeer Board of Directors must meet a number of qualifications to be considered for employment and leadership positions. The Vermeer family is committed to utilizing best practices in generational succession planning and are active in sharing and learning with other family-owned organizations.
- **Independent Audit Committee** — An independent, audit committee reports to the board to objectively oversee risk management through review of external auditors, internal auditors, enterprise risk management, cyber security, financial health, compliance and internal controls.
- **Corporate governance** — Vermeer is committed to high standards for team members, management and business processes. Our internal policies, commitment to regulatory compliance, compliance with GDPR/privacy laws, 100% team member participation in signing our annual Code of Conduct review and an available ethics hotline all contribute to doing business the Vermeer way.



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