

Sustainability report 2019



VÄDERSTAD



This is Väderstad's statutory sustainability report for the financial year 2019. The report covers Väderstads Holding AB and all its subsidiaries in Väderstad Group.

CONTACT VÄDERSTAD

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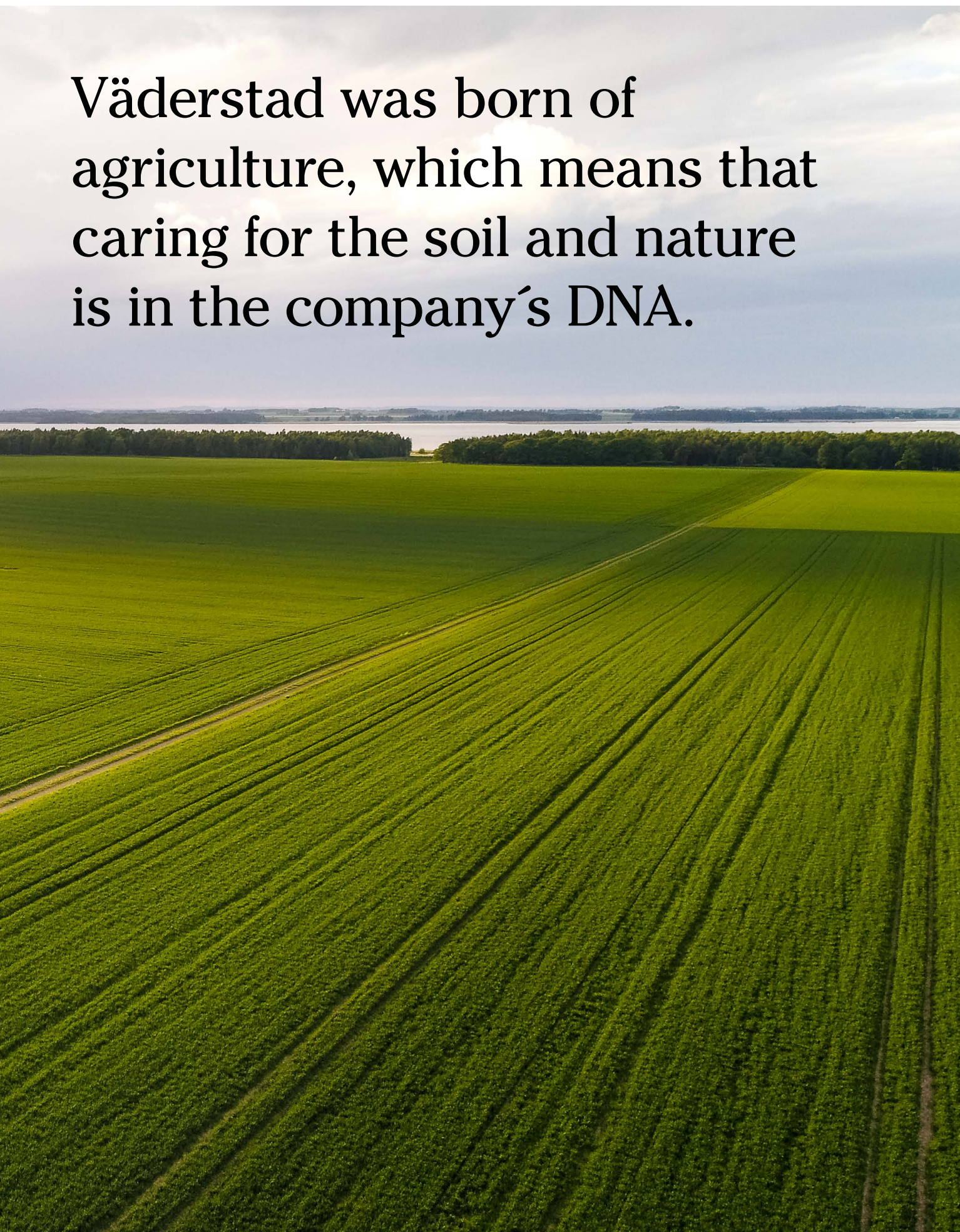
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Production: Väderstad

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CEO comment

Another step towards a sustainable future

Väderstad was born of agriculture, which means that caring for the soil and nature has been in the company's DNA long before we had heard of climate change or Agenda 2030. Simplifying work and improving yields for the world's farmers is our main driving force. As the population continues to grow, the need for food increases, which means that great responsibility rests on the shoulders of our farmers, who need to produce even more nutritious food, as efficiently and sustainably as possible. This is precisely where we at Väderstad can be of great use to farmers and the climate. The machines and methods that we have developed over the years have significantly reduced the farmers' fuel consumption, as they are able to carry out several tasks in a single pass. In addition, quality and high durability have always characterised Väderstad's machines. In this way, you might say that sustainability has been part of our business strategy since the beginning. However, this does not mean that we can sit back, satisfied, and do as we have always done. We work continuously to make sustainable improvements and investments.

But we need to do more than that if we want to help drive the transition towards long-term sustainable food production. Even today we can see the consequences of climate change up close, with extreme weather and shifts in climate zones

affecting agriculture and our customers. These are changes we need to adapt to and stay one step ahead of in the development of machines and methods that make it easier for farmers. But we also need to do everything we can to improve our own business with a clearer sustainability perspective. That is why we started strategic sustainability work in the autumn based on our new owners' directives, where sustainability is a clear focus area. We have also hired an HSE manager who is responsible for health, safety and environmental issues.

The starting point of our strategic sustainability work is the UN's sustainable development goals, which are to be achieved by 2030. In 2020, we will develop clear sustainable development goals as well as strategies for how to achieve and measure these. This is not a quick fix; it is long-term work that will require a lot of changes for our procedures and our behaviour.

We are in the midsts of a period of transition, where the decisions we make today will be crucial for future generations. I am very grateful to be entrusted with and involved in making this transition together with Väderstad's owners, employees, suppliers and customers.

Mats Båverud
CEO

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About the Väderstad Group

This is the company's statutory sustainability report for the financial year 2019. The report covers Väderstad Holding AB and all of its subsidiaries included in the Väderstad Group (hereinafter referred to as "Väderstad").

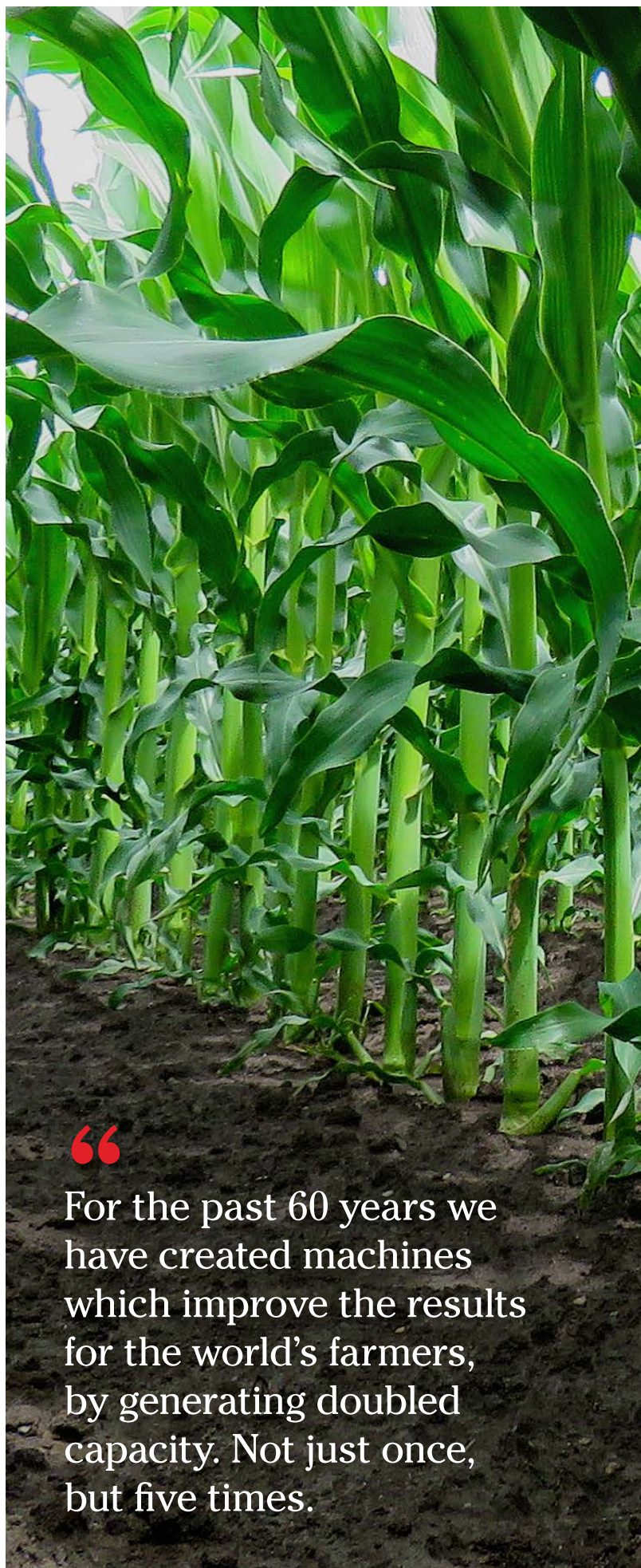
Business model

Väderstad operates in a global market and a high-tech world. Since we were founded in 1962, we have strived to contribute to the establishment and emergence of crops – all so that the world's farmers can provide the world's population with food. It's the reason why we exist and it is the challenge which constantly drives us forward on a day-to-day basis. Our vision is to become the world's leading partner for outstanding crop emergence.

We want to simplify the work and improve the performance for farmers around the world. We do this by offering our customers high-efficiency machines and methods that help to ensure the establishment and emergence of crops. Farmers all over the world are constantly looking for new ways to cultivate the soil in a more efficient way. Everyone who works at Väderstad considers developing new solutions which contribute to long-term sustainable and efficient cultivation our most important task.

Our business model is based on developing machines for soil cultivation and seeding. These machines are manufactured at our own facilities, where we use efficient production methods and do everything, from machining and welding sheet metal and steel, to painting and assembling finished machines, ourselves. Our machines are then sold in over 40 countries via our wholly-owned channels in several countries or through long-term partnerships with reputable external sales channels. We both manufacture and buy in wearing and spare parts for our machines which we then sell to our customers so that they can receive the best possible usage of their machines.

The manufacturing takes place at our own production units located in Sweden (Väderstad and Överum) and Canada (Langbank, Saskatchewan). We have dedicated sales companies with their own staff in the United Kingdom, Germany, France, Poland, Denmark, Hungary, Serbia, Romania, Ukraine, Russia, Estonia, Latvia, Lithuania, Canada and Australia.



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For the past 60 years we have created machines which improve the results for the world's farmers, by generating doubled capacity. Not just once, but five times.



We strive for long-term sustainability – in everything from material choices and environmental impact, to how we care for our customers and employees. Our constant ambition is to develop machines that carry out several tasks in one single pass. There are many advantages to this since it saves time, energy and money.

Management of operations

The Board of Väderstad has the overall responsibility for sustainability issues. The Board consists of several owners, two union board members and two external board members, one of whom is responsible for sustainability issues at Scania. We therefore believe that the Board represents and has knowledge of all parts of the company, our environment and its requirements and possibilities. This gives us a well-composed board that is well positioned to be responsible for the Group's long-term sustainability. In addition, our owners' directives are supplemented with links to the UN's sustainable development goals, and sustainability is a focus area of the company's new five-year plan. During the year, a new HSE Manager has also been hired, who is responsible for health, safety and environmental issues.

Risks and risk management

Väderstad has a large market share in the EU. Therefore, we consider the political risk to be great, since agriculture in the EU is highly politicised. Risk areas include new directives within CAP (Common Agriculture Policy) and on the environmental side. One example of an environmental issue is the use of pesticides (issues regarding glyphosate), which can have a major impact on our business and give rise to both risks and new business opportunities. We are also facing issues relating to Brexit and various political groupings within the EU that affect our industry, and therefore us specifically. Other major risks include the prices of products from agriculture, especially cereals, since these affect our customers' profitability and willingness to invest. Of course the global climate issue and future food security also affects us. Risks, and how we manage them, are reviewed at least once a year by the Board (fixed point in the Board's rules of procedure). Also, the risks are continuously managed in our operations, from Group management level and throughout the organisation.

107 312

Number of machines delivered
(1980–2019)



Environment

Our approach

Environmental work is important both for us as individuals and as a company. We actively work on finding solutions that contribute to reducing our negative environmental impact. For example, we are planning to obtain environmental certification according to ISO14001. We are also working on solutions to increase our recycling and to reduce the company's emissions and energy consumption. Another important focus area is how we can help reduce the negative environmental impact of our customers in different ways. We strive to reach effective solutions by, among other things, developing machines in which several tasks can be performed at the same time, and machines with lower draught requirements per working metre, in order to save diesel consumption on the part of our customers.

Policies and guidelines

- Owners' directives
- Chemicals management which is controlled by a chemicals council that actively provides advice and procedures, and furthermore actively and continuously monitors our chemicals management.
- Waste sorting manual

The past year - environmental impact

Väderstad

The largest unit is Väderstad AB, which accounts for about 85 percent of our production. Väderstad conducts operations that are licensed in accordance with the Swedish Environmental Code. Permits for the operation were issued by the County Administrative Board on November 14th 2003. The permit decision includes conditions for noise, emissions to air, chemical and waste management, transport, and inspections of operations. On January 19th 2009, the County Admin-

istrative Board adopted a supplementary decision containing conditions regarding noise and emissions of organic solvents. On November 28th 2018, our final conditions were changed, so that the organic solvent purification plant would be operated in order to obtain the maximum possible purification effect. The purification plant is to be managed and maintained so that availability is the highest possible, and must not be less than 95 percent per year. Emissions to the environment from the carbon filter or from the catalytic combustion, measured as total organic carbon, must not exceed the following values.

- After carbon filter
12 mg/m³ normal dry gas
Time-weighted average
- After catalytic combustion
25 mg/m³ normal dry gas
Time-weighted average

In terms of environmental issues during the financial year, operations have been normal. No significant environmental disruptions or incidents have occurred during the year. The purification equipment for solvent emissions from the paintshop has been in operation during the period that the paintshop has been active. The conditions in force relating to the degree of purification and the availability of the equipment have been met. The permit limit for the total use of organic solvents is 150 tonnes per calendar year. The last year for which the calculation was made was 2018, when it was approximately 55.7 tonnes. The use of organic solvents therefore falls well within the current permit limit. This condition will also be met for the 2019 calendar year.

Our workshop premises are cleaned using cleaning machines whose wastewater is released into the wastewater network. The purification equipment for our spill water has worked without

fault during the period, which means that there has been no discharge of contaminated water into the wastewater network.

The applicable permit also contains certain conditions relating to other parts of the business. The conditions for chemicals and waste management have been met. As regards transportation, the conditions require submission of a separate report annually to the County Administrative Board. This is done in the annual environmental report. The fuel used for mobile machines must fulfil the requirements of at least environment class 1. Any new mobile machines purchased must meet certain requirements. The operations as a whole are inspected under a special inspection programme established by the County Administrative Board. An updated version of the inspection programme was established in 2016 by the County Administrative Board. A periodic inspection was conducted in 2017 and the next inspection will take place in 2020 (every three years).

The Väderstad Group is subject to the rules concerning energy surveys in large companies. An energy survey will be carried out by certified energy surveyors, and this work began in the autumn of 2016. The purpose of such a survey is to discover opportunities for reducing energy consumption in the business. The energy survey was submitted to the Swedish Energy Agency in March 2017, and was based on the energy statistics for 2015. The survey will be repeated every four years. Work on measures in accordance with the energy survey is ongoing. These measures are being implemented gradually in order to keep energy consumption at a low and decreasing level. Among other things, we will gradually switch to LED lighting and, once this process is complete, this will lead to an estimated energy saving of 840 MWh/year and a reduction of CO₂ content by 118 tonnes/year, in accordance with the energy survey. Charging posts were installed in 2017 and 2018, and there are now 18 available charging locations at Väderstad for electric cars, for both employees and



visitors. During the year, electric robotic lawn mowers have replaced petrol-powered lawn mowers and a transition from lead batteries to lithium-ion batteries is under way in the trucks used in our factories.

Vaderstad Industries Inc.

The company’s products that are produced in Langbank, Canada (Seed Hawk) also help reduce the negative environmental impact of our customers. The main reason for this is that several tasks can be carried out at once and that Väderstad’s machines have lower draught requirements per working metre, reducing customers’ diesel consumption. We also see that soil cultivation improves soil and water protection while promoting carbon binding in the soil, which in turn reduces CO2 emissions.

The Langbank plant has LED lighting to reduce energy consumption. In addition, the painting process is powder-based, which means that no solvents or thinners are needed. Waste management focuses on recycling and scrap waste as well as metals from production being recycled and used either in our own production or distributed to other industries. We have streamlined our processes and manufacturing methods to minimise the waste in connection with production and improve raw material utilisation. In addition, transport and

delivery processes have been optimised to minimise environmental impact.

Väderstad Components AB

Väderstad Components AB conduct activities requiring permits under the Environmental Code, test level C. The current decision for the business was issued by the Environment & Planning Office in Västervik in 2001, 2002, 2012 and 2018. The business has been classed as 28.95, 100.1001 and 34.80 since 2018. The decisions include conditions for noise, chemical and waste management, and an annual inspection of the business. These conditions are met by the company.

In 2019, through the web program Miljöguiden och Arbetsmiljöguiden [Environmental Guide and Health and Safety Guide], we have complied with the laws applicable to the company in a clear way.

Based on the energy mapping carried out for our energy consumption, we work continuously to reduce energy consumption by, among other things, replacing certain older machines with new energy-efficient alternatives. We work continuously to reduce energy losses in day-to-day work. During this year’s upgrading and expansion, our previous heating solution

with electric radiators was replaced by hot water central heating and the plant is now heated with waste heat from our production processes.

We have an overall solution for our handling of scrap and waste which involves developed environmental stations, improved waste sorting, and environmental awareness among staff.

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Our goal is to contribute to a sustainable development/future within our market, through with tangible and sustainable solutions.



Social and HR issues

Our approach

- How we live and manage the company is based on and imbued with our values, The Väderstad Way (TVW). Our values give us a shared compass for everyday life. Our values form the basis of our corporate culture and can be summarised in three words – available, innovative, reliable – which describe how we should achieve our vision and how we should work together and behave both at work and in general.
- Our brand is shaped by what the world around us thinks, believes, feels and says about us. All employees are therefore important ambassadors for our brand. A strong brand helps to build a profitable business. Väderstad strives to be an attractive employer where our employees feel respected, safe and appreciated. Väderstad prioritises a safe and healthy working environment, and we work systematically to identify and address risks and to improve the working environment through risk assessments, inspections (physical and psychosocial), and incident and accident reporting. We view proactive health work as an important factor for sustainable performance and a profitable business.
- Another important aspect of our social responsibility is that we do the right thing for us in the sense that we pay statutory taxes and social security contributions for our staff, as well as statutory corporation tax on business profits, which contributes to a strong and sustainable society in which we are active. All our business is undertaken on a commercial basis. For example, we do not work with arrangements solely intended to minimise tax.

92%

of our coworkers are very satisfied or satisfied with Väderstad as an employer.
(Väderstad Employee Index)

Policies and guidelines

- The Väderstad Way
- Work environment policy
- HR policy
- Privacy policy
- Personal data processing policy
- Equal opportunities plan
- Procedure in case of suspected victimisation
- Travel regulations
- Alcohol and drug policy
- Rehabilitation procedure
- Definitions of risk observations, incidents and accidents

The past year

- During the past year, an updated version of our values, The Väderstad Way, has been created. The new version has been implemented with all employees at the company in order to clarify our core values and priorities at Väderstad. Our goal is for all employees to know of and live according to The Väderstad Way in everything we do.
- There have been no significant incidents or problems during the year. We have a zero vision when it comes to injuries, and the number of incidents has been low at all our facilities. However, we are not satisfied with this as we work actively on several levels by, among other things, doing root cause analysis on incidents to achieve our zero vision.
- During the year, we have also introduced new guidelines to satisfy the requirements of the GDPR (General Data Protection Regulation), although we previously satisfied many of these through PuL (Swedish Personal Data Act).
- Systematic work environment management involves paying attention to and taking into account all



conditions in the work environment that may affect the health and safety of employees. At Väderstad AB, the TIA system support is used to record and manage risk observations, incidents and accidents. Working methods and procedures for this are described in "Definitions of risk observations, incidents and accidents". Investigations are underway to see whether we can use the same system throughout the Group. HR is responsible for supporting the work and developing the way we work, and our managers are responsible for compliance.

- The company's overall zero-vision for workplace accidents is followed up every month at group management meetings. Every month, the different sites follow up on sickness absence, appraisals and safety in each management group. Deviations and incidents are followed up with action plans for each area.

98%

of our 1,500 employees have been trained in our values
- The Väderstad Way

Human rights

Our approach

- We support and respect internationally declared human rights. Väderstad is a global company with customers and employees in a large number of countries. We actively work to ensure that our employees, partners and customers are treated fairly, equally and with respect. This work promotes the development of both employees and the company as a whole.

Policies and guidelines

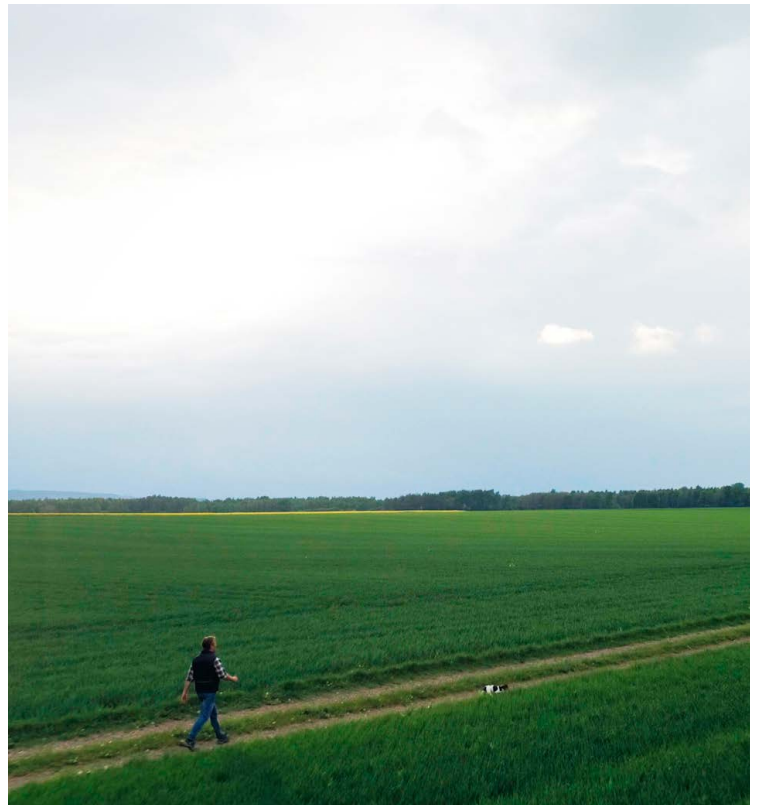
- Owners' directives
- The Väderstad Way
- Equal opportunities plan
- Procedure in case of suspected victimisation

The past year

- We are not aware of, nor do we have any indications or concerns of, having been exposed to or involved in, or indirectly participated in, any human rights abuses. This is true as far as we can reasonably judge it today.
- The equal opportunities plan is followed up and revised annually in September by joint groups consisting of representatives of the company and the trade unions. The procedure applied in case of suspected victimisation describes how to proceed and how the company acts in these cases. The procedure is available to all employees in the company's management system.

40

countries and all continents
represented by Väderstad



Anti-corruption

Our approach

- Corruption negatively impacts people, the environment, organisations, businesses and countries. Väderstad dissociates itself from all forms of corruption, bribery and money laundering, as well as illegal restriction of competition. We work actively and try to be close to and understand our business throughout the entire chain, from order to final delivery to our end customers, i.e. the farmer. Through this approach, we try to minimise the risks of corruption, bribery and other types of non-acceptable business practice.

Policies and guidelines

- We are working to bring our guidelines and working methods together in this area in a code of conduct applicable to Väderstad. This will ensure we have an overview of this area and are better able to educate our staff as well as follow up on and correct any deviations in the area.

The past year

- We are not aware of, nor do we have any indications or concerns of, having been exposed to or involved in, or indirectly participated in, any bribery or the like committed in our business. This is true as far as we can reasonably assess it today.

CONTACT VÄDERSTAD

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