

# ***TITAN MACHINERY***

Power & Precision to Grow®



## 2022 STATEMENT ON SUSTAINABILITY

# TITAN MACHINERY SUSTAINABILITY STATEMENT

2021 PROGRESS REPORT · COVERING FY2022

Our mission at Titan Machinery is to serve our customers who feed and build the world by providing them with cutting-edge equipment solutions that utilize technology and connectivity to produce more with fewer inputs; as well as providing the timely parts, service and technology support necessary to keep the equipment operating during the season. As we strive to fulfill our mission, we are committed to doing so in an ethical and sustainable manner that supports long-term value for our stakeholders without compromising people, the planet, good corporate governance, or ethical business practices.

Titan Machinery's sustainability strategy is grounded in our commitment to the following principles:

- Health and safety of our employees, customers, visitors and contractors
- Inclusive and engaged workforce
- Protection of the environment and conservation of natural resources
- Community engagement
- Good corporate governance
- Ethical business practices

Our sustainability strategy is accomplished through our initiatives in the areas of **Our People, Community Engagement, Our Environment, and Corporate Governance.**





## OUR *People*

We recognize that our success is highly dependent upon the talents and dedication of our employees, an inclusive and engaged workforce composed of employees with diverse backgrounds and ideas, and the maintenance of a healthy and safe work environment.

### Health and Safety; Employee Wellness Program

Employee health and safety is of paramount importance to us. One of our primary responsibilities as an employer is to maintain a safe and healthy workplace in each of our facilities – making sure that safety and health are a top priority at all levels of the company. In FY2022, the total recordable injuries fell by 12.9% from the prior fiscal year, while the total lost time injuries fell by 38.5% from the year prior.

#### RECORDABLE INJURIES FISCAL YEARS 2020-2022

	FY 2022	FY 2021	FY 2020
Recordable Injuries	81	93	88
Rate Per 100 Employees	4.2	4.9	4.7

#### LOST TIME INJURIES FISCAL YEARS 2020-2022

	FY 2022	FY 2021	FY 2020
Lost Time Injuries	16	26	19
Rate Per 100 Employees	0.8	1.1	1.0

Processes are in place to help achieve our goal of minimizing recordable injuries for our employees. Our process requires that every recordable injury is fully researched within 3 business days to identify the root cause and provide corrective action recommendations for mitigating the risk of future occurrences. This data is reviewed monthly by the executive leadership team and shared with the Company's Board of Directors on a quarterly basis. In addition, every recordable injury is reviewed

with all employees at the following month's safety meetings which are held at each of our facilities to raise awareness and help prevent similar incidents.

We are also committed to improving the health and well-being of our employees. Our U.S. wellness program was established in 2017 and is continuously evolving to better educate, motivate and reward our employees for maintaining and achieving healthy lifestyles.

The "Titan Safe" awareness program that launched in 2020 provides heightened focus on the consistent use of personal protective equipment (PPE) such as safety glasses, face shields, and gloves to prevent injuries. Distracted driving prevention is another top focus of our "Titan Safe" awareness program due to the high number of employees driving on roads every day as part of their job. We remain committed to continually improving safety training and leveraging technology to broaden the sharing of incidents and important messages to raise awareness and lessen risk.

Unique challenges faced by Titan Machinery in the last year include COVID-19 and the conflict in Ukraine. In both cases we have prioritized the safety of our employees and customers while striving to provide the equipment, parts and service support that our customers count on to run their essential businesses.

In response to the pandemic, Titan Machinery has made significant investments in protective equipment and has implemented procedures to protect our employees, our customers, and our communities including adding plexiglass shielding for workspaces, offering contactless parts pick-up and equipment drop-off, improving our cleaning/sanitation procedures, and following all business recommendations from local and federal health agencies. We also replaced many in-person training sessions and meetings with remote learning opportunities to allow for more flexibility for our employees to



reduce their potential exposure to COVID-19 while allowing for career growth and valuable learning opportunities.

The conflict in Ukraine has posed an especially difficult situation for our Ukrainian employees and customers. Our first priority was to ensure stable incomes and employment for our Ukrainian employees including individuals who left the country and those who stayed. Meanwhile, we are working hard to ensure that our customers have access to the essential products and services they need to get through this growing season, recognizing the importance of agriculture on the Ukrainian economy. Our dealerships are staying open as local conditions warrant in order to help ensure that the country is able to produce enough food to prevent further hardship and suffering in the coming year.

### **Inclusive and Engaged Workforce**

Titan Machinery strives to attract, select, and retain a diverse workforce that is reflective of the communities in which we live and work. We support personal growth and offer training to employees at all levels and across each business area to help individuals achieve and maintain their expertise while amplifying their natural strengths. We know that an inclusive and diverse work environment where employees are growing their strengths and abilities will generate greater engagement, loyalty, innovation and increase the value-added for all stakeholders in our company.

Titan Machinery supports the men and women of our armed forces. We actively recruit retired or discharged service members who are looking for a career after serving our country. We have made a strong commitment to support our team members who currently serve in the National Guard and recently were awarded the Patriot Award for our work in supporting our co-workers called to active deployment.

We conduct annual employee engagement surveys designed to monitor overall employee engagement, and to identify actions that can be taken to improve our employees' motivation and job satisfaction. We employ an outside company to collect the data from the annual employee engagement survey to ensure

anonymity for employees to increase the likelihood that we get honest feedback and a high completion rate. Our latest employee engagement survey in 2021 had a completion percentage of 75%. The data collected are used to track our progress against our internal goals and to identify areas of interest and concern for our employees.

In order to offer more flexibility for employees, Titan Machinery is set to implement a remote work policy in June of 2022 that allows employees who are working in certain jobs that do not require a physical presence at the office or dealership to apply to work primarily from home. Not only does this new policy enhance the well-being of the employees who are able to work from home and desire that flexibility, it also reduces our carbon footprint and road congestion.

### **Training and Development**

We continue to make significant investments towards employee training and development, including tuition assistance for career-enhancing academic programs. Our training and development programs are designed to facilitate the development and advancement of talent from within our organization to ensure we continuously fill our ranks with qualified employees for critical positions in the organization. Members of our training and development team collaborate with employees from our various operations teams to identify our strategic training needs and prioritize the development of appropriate training content.

Titan Machinery partners with programs across our footprint to support workforce development and education for technical roles, including partnerships with educational institutions, Future Farmers of America, and military organizations. We support early career growth through our internship programs, a highly successful pipeline development initiative resulting in over half of our interns returning to a full-time position with Titan Machinery. Ongoing technical training opportunities are available within each business area, as well as leadership development across a broad range of disciplines, including profitability strategies, financial management, collaborative selling, and customer service, to name a few.





## *Community* **ENGAGEMENT**

We are committed to being a good neighbor and community member at all of our locations. We encourage our employees to share in our commitment to the communities where we operate. As busy as our employees are, they make time to help their neighbors and support charities across our footprint. We offer all regular employees up to 12 hours of paid time off each calendar year for volunteer firefighting and emergency medical assistance, and an additional 16 hours of paid time off each calendar year for other community service activities.

Our teams have packed baskets of food for families in need, picked sweet corn for a local food bank, served as a landscaping crew for Habitat for Humanity, and much more. Other projects recently undertaken by our team members include counting school supplies and stuffing backpacks for a school supply drive, as well as many other individual and small group service activities. Titan Machinery employees actively volunteer in their local fire departments and first-responder teams. We're helping to bring the caring capacity of a global company to life in local communities in inspiring ways.

Titan Machinery continues to invest millions of dollars each year in improving our facilities across our network of local dealerships, many located in small towns where local employers are especially needed. Our dealerships play an important role in the local economy of the towns where they are located, providing long-term employment opportunities and vital parts, service and technology support for local farmers and contractors.

We are also deeply committed to our extensive outreach programs designed to interest high school students and others to explore dealership careers, especially in the areas of diesel technology and parts sales.

Beginning with career exploration, Titan's EDGE program allows high school students the opportunity to explore dealership careers and begin their professional journey. Connecting students to their community careers and offering young adults the opportunity to see how a successful business operates in a real-world setting are key benefits of this program.

Individuals looking to further their passion and talent for a career path can gain a career partner through sponsorship and internship programs. Sponsorships in diesel technology and parts sales provide financial and professional support for individuals gaining educational training and on-the-job training within a dealership. Titan Machinery's summer internship programs provide college students a pathway into our industry and allow them to gain professional experience in a real-world business setting.

Completion of any early-career program with Titan Machinery provides an opportunity for further career growth and development within our company, our industry and our community. It is a privilege to offer these programs and allow for community workforce support and growth.

## OUR *Environment*

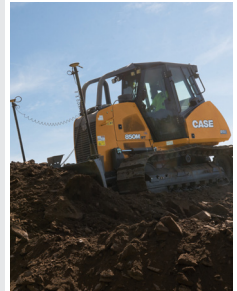
Titan Machinery is proud to partner with CNH Industrial, a leading worldwide supplier of off-road equipment that has been at the forefront of sustainable product innovation and development. In 2021, CNH Industrial was included for the 11th consecutive year in the Dow Jones Sustainability Indices (DJSI) World and Europe, achieving the highest score (88/100) out of 126 companies assessed within the Machinery and Electrical Equipment Industry. A link to the latest CNH Industrial Sustainability Reports can be found at: [https://www1.cnhindustrial.com/en-us/sustainability/corporate\\_sustainability\\_reports/Pages/default.aspx](https://www1.cnhindustrial.com/en-us/sustainability/corporate_sustainability_reports/Pages/default.aspx). Working together, Titan Machinery and CNH Industrial provide farmers and contractors with new products and technologies that promote sustainability by providing greater levels of productivity while utilizing fewer inputs.

The CNH Industrial products that we currently provide our customers offer superior levels of precision, accuracy and control – minimizing wasted inputs and ensuring that scarce resources are conserved and used to maximum efficiency. CNH Industrial has developed advanced technologies that allow our customers to operate with precision accuracy, eliminating overlap and reducing inputs including fuel, fertilizer, seed, and chemicals for our agricultural customers. This has a significant positive impact on the environment by minimizing fertilizer and chemical run-off. For contractors, precision machine control technologies help operators eliminate the moving of excess material, reducing fuel consumption and machinery wear and tear.

Much of the equipment we offer our customers manufactured by the CNH Industrial includes precision technology that provides customers real-time connection to their equipment through online digital portals. Customers can access this data remotely and share it with their trusted partners, including agronomists and bankers, to make better informed decisions about their operations. In addition to providing real-time data to growers and agronomists, machine connectivity allows our Service Managers and technicians to monitor equipment and access fault codes remotely, saving time and reducing the number of trips needed to diagnose and repair equipment in the field or on the jobsite.

Innovative new technologies available on today's equipment allow farmers to harness the power of sensors and controllers on the equipment to use real-time data to provide feedback to the operator to adjust the operation and settings to optimize performance. Examples include Case IH's Soil Command, which uses sensors mounted on the tillage implement to provide instant feedback to the monitor in the cab alerting the operator when the seedbed begins losing smoothness during the final tillage pass before planting, allowing adjustments to be made to optimize for a smooth, uniform seedbed. A smooth seedbed leads to better seed placement which results in more even emergence, and ultimately translates into higher yield potential.

Case IH Harvest Command harnesses the power of sensors and real-time data to optimize the performance of Case IH Axial-Flow combine-harvesters to reduce harvest loss and wasted fuel. Harvest Command allows operators to set the combine to optimize efficiency based on crop throughput or grain quality. Once the mode is set, the Harvest Command software automatically adjusts the controls and settings on the harvester to optimize for that mode without any input or action from the operator needed to account for changing crop or field





conditions. This technology reduces fuel usage and mitigates operator fatigue while increasing productivity.

For the Construction segment, Case Construction has partnered with Leica to provide factory installed and aftermarket availability of Leica control and measurement systems that greatly reduce waste and inefficiency at the job site. Titan Machinery is an early partner with CNH Industrial in bringing this equipment to market, piloting the new technologies, and ensuring the expected value is delivered and that customers are taking full advantage of the powerful analytic and control tools available to them.

Additional machine technologies available from CNH Industrial which have a significant impact on efficient machine operation and use of resources include Precision Planting, Augmenta, and Raven Industries – acquired by CNH Industrial in 2021. CNH Industrial has used products from these partnerships and acquisitions to equip their products with advanced technologies that enable precise control of the quantity and placement of fertilizers, herbicides and insecticides thereby reducing environmental impacts of over-application and misapplication. The factory fit hardware, software, and data connections are the foundation for precision agronomy and construction techniques utilizing prescriptive and remote equipment management.

The FPT engines that power the CNH Industrial machines we sell and service produce more horsepower with significantly lower emissions through Selective Catalytic Reduction (SCR) technology and extended service intervals. The recently introduced Case 580 EV “Zeus” backhoe is the construction industry’s first fully electric-powered backhoe, offering 90% lower cost of operation, lower jobsite noise, lower daily and lifetime operating costs, reduced maintenance demands and zero jobsite emissions when compared to traditional diesel versions. In a quest to provide low-emission alternative propulsion solutions, Case Construction also is pioneering a methane-powered wheel loader.

Titan Machinery plays a key role in helping educate our

customers on the benefits of sustainable technology adoption. As these technologies and others like it are developed and rolled out to the industry by CNH Industrial, Titan Machinery stands ready as a trusted partner to provide the customer product support infrastructure necessary to successfully launch and support the adoption of these new, cleaner, more efficient equipment technologies.

While our focus is helping our customers achieve greater productivity with fewer inputs, we recognize that in selling and supporting even the latest equipment and technologies, our operations generate greenhouse gases (GHG) which contribute to the global challenge of climate change. As a responsible stakeholder in the future of our planet, we continue to take steps to mitigate and reduce the amount of GHG that we produce in our day-to-day operations. Many of our facilities have reduced their use of conventional energy sources by utilizing “waste oil” generated from servicing our vehicles and our customer’s vehicles as a primary winter heat source. The “second use” of these petroleum-based products effectively eliminates a potential pollutant while also reducing consumption of new energy and disposal risks. Our service shops utilize highly efficient water-cooling systems that require a fraction of the energy needed for conventional air conditioning systems with no environmental risks. Energy conservation and overall efficiency are hallmarks of all the facilities we have built, from optimizing insulation installation to upgrading windows and doors to reduce the amount of energy necessary to heat and cool our facilities.

Our direct emissions result primarily from heating our other facilities with natural gas and the fuel consumed by our fleet of nearly 1,000 vehicles. Our stores have primarily been leased as we have acquired new locations and our next step will be a GHG emissions evaluation across our footprint so that we can effectively partner with facility owners to implement more efficient energy systems. In the meantime, we continue to reinforce energy conservation with our local teams, ranging from replacing incandescent with LED lighting to eco-friendly temperature control. We are also replacing about 13% of our rolling fleet of pickup and service trucks per year with updated



fuel-efficient and reduced-emission models while continuing to optimize our delivery logistics.

As a matter of our standard environmental safety procedures, Titan conducts internal audits to assess spill risks, implemented a standard Spill Prevention, Control, and Countermeasure (SPCC) Plan, and conducted training on oil spill prevention and used oil management practices at all locations. We also check our wash bays for wastewater runoff to ensure that oil, dirt and any other contaminants are being properly removed prior to returning to local water systems. Titan Machinery also continues to partner across our footprint with an internationally recognized environmental recycling and disposal company - to increase our awareness and understanding of environmental impacts and risks, and to ensure we are following all requirements for handling and disposal of potentially harmful waste items.

## GOOD CORPORATE GOVERNANCE, CONDUCTING BUSINESS WITH *Integrity*

Our stakeholders rely upon our company to fulfill a variety of important roles. For our shareholders, Titan is counted on to provide a fair return on invested capital in a responsible and sustainable manner. For our employees we offer a safe work environment and a meaningful career in an inclusive environment with opportunities for advancement, valuable benefits and performance incentives. Our suppliers count on our network of local facilities to deliver parts, service, and sales support that end users rely upon to successfully operate the equipment that they purchase. The communities in which we operate rely on Titan to invest in our local facilities, provide jobs for local citizens, and participate in local community fundraising events. And our customers depend upon the product support and equipment expertise of our staff to help them choose the right equipment solutions and keep their equipment operating during the season.

In order to meet the expectations of all our stakeholders, we must achieve consistent profitability. It is our belief that to be profitable in the long-term, we must implement and follow good corporate governance practices. Our Board of Directors has adopted a governance structure that ensures sound decision-making, protects the interests of all stakeholders (stockholders, employees, suppliers, communities, and customers), and promotes an environment of trust and accountability necessary for fostering long-term investment, financial stability and business integrity.

Our employees are guided by our corporate core values of: “Our People”, “Integrity”, “Excellence”, and “Teamwork.” We promote these values from the top down. In every business decision and transaction, we endeavor to do the right thing – and we expect our employees and business partners to share in this effort. This means conducting business with integrity, while complying with all laws, rules and standards of conduct that apply to us in the many countries where we do business. We promote our commitment to ethics and compliance among our global workforce through our Code of Ethics and related policies, and training programs.

