valmont

SUSTAINABILITY REPORT

MARCH 2020

Pic Perf Wall, Australia

Our Commitment to Sustainability

Valmont® Industries, Inc. is committed to providing products and services that enhance the lives of our customers, employees and communities, and to do so in an increasingly efficient and environmentally friendly manner.

As part of this commitment, we will provide products and services that support sustainable infrastructure development and the efficient use of water for agriculture.

We will work to improve our use of raw materials, energy and water in the manufacturing of our products and provision of our services. We will strive to reduce the emissions, discharges and wastes that our operations generate.

Valley Center Pivot, USA

Steel Class Utility Poles, USA

Our commitment to sustainability is a natural extension of the core values that guide our company.

We have a **passion** for our products, services, and customers.

We operate with absolute **integrity**.

We strive for **continuous improvement** removing waste everywhere with a true sense of urgency.

We consistently **deliver results**.

Commercial Tansportation Lighting, USA

Lattice Utility Towers, India

Our Commitment to Reducing Our Environmental Impact

Valmont® is aware of the growing challenges that our global climate presents. Our approach to this problem is consistent with our values and sustainability commitment. We will continue to support the worlds need for food through the efficient use of water for agriculture. Our solar energy and infrastructure products and services will play an increasingly important role in the transition to a clean energy economy. Our sustainability initiative, which was launched in 2015, will continue to support the efficient use of energy and natural resources used in our manufacturing processes. As we move into this new decade we will assess the carbon intensity of our manufacturing footprint and develop additional programs and goals to mitigate this impact.

Our Sustainability Program

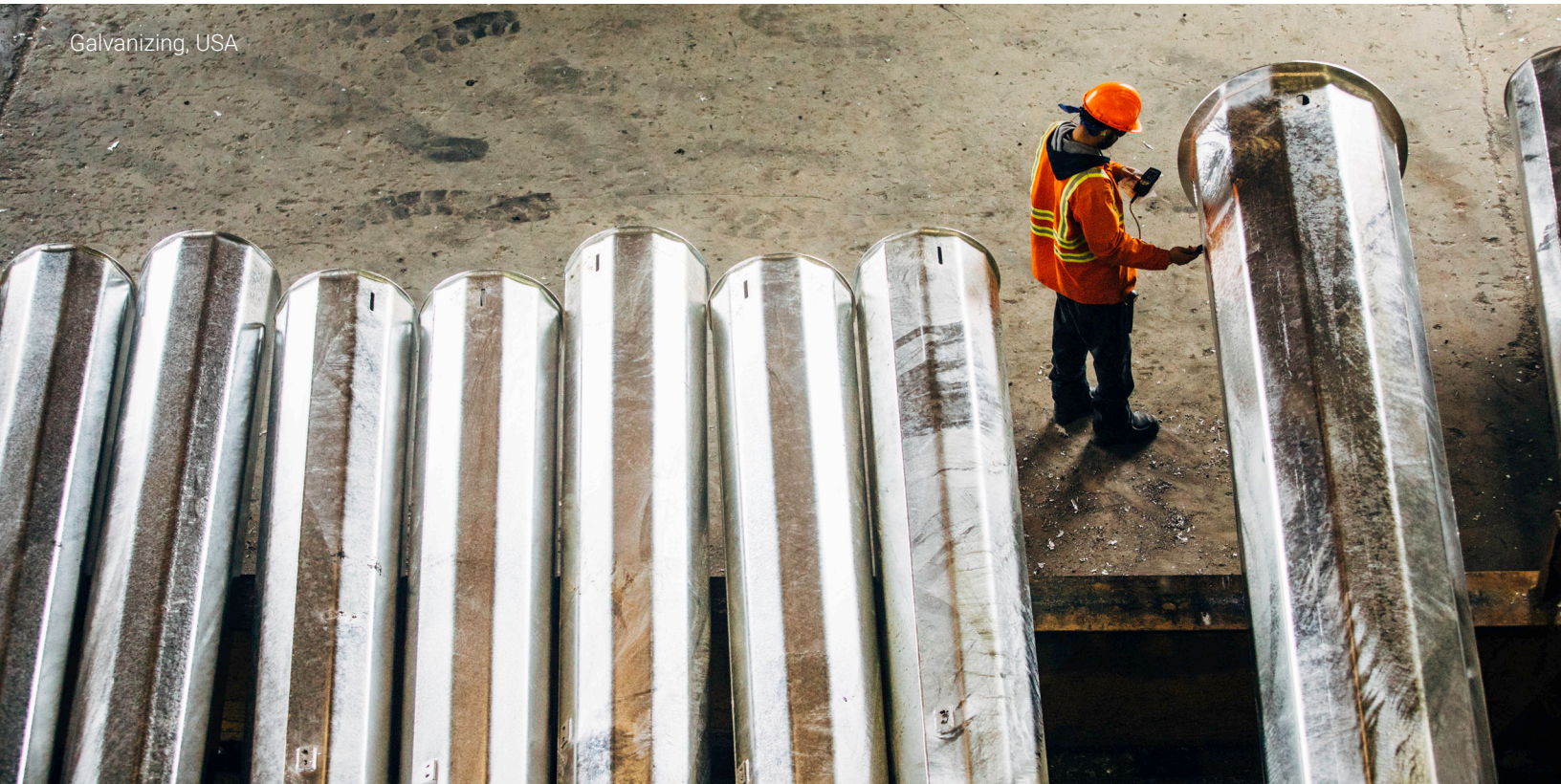
The Sustainability Program at Valmont® is a grassroots effort led by Green Teams established primarily at our global facilities. A Green Team is a site-based committee that evaluates the usage of energy, water and waste, and implements strategies and projects to reduce the costs associated with these metrics. The Green Team can be organized as a separate group or integrated into a site's Lean, Maintenance, Production or Health & Safety Team.

The impacts of the improved practices implemented by the Green Teams are measured to confirm their benefit and the beneficial practices shared with other Green Teams.

The Sustainability Program will grow with demonstrated success. The steps to implement the first phase of our Sustainability Program as follows:

- Support the formation of Green Teams
- Provide the tools and training necessary for Green Teams to measure and report the improved use of:
  - Electricity
  - Hazardous waste
  - Natural gas and other combustion fuels
  - Water
  - Waste to landfill

As our program grows, additional programs will be added, including supplier sustainability, energy management, additional metric collection and alternative energy.



Galvanizing, USA

Electric Vehicle Fleet, USA

2019 Accomplishments

- Reviewed, refined and gained third party assurance for the global electricity, natural gas, water, waste to landfill, hazardous waste, gasoline, diesel, propane and fuel oil data sets.
- Senior leadership approved the establishment of the first global sustainability goal which targets a normalized 8% reduction in electricity use by the close of 2021.
- Enhanced our Sustainability Report to include additional sustainability metrics.
- Secured approval of the Valley solar field and electric vehicle projects.
- Received third party assurance for 2018 baseline Scope I emissions.*

2020

- Update Sustainability Report to include usage data for Scope 1 emissions and Valmont® global carbon footprint baseline.
- Implement Valley electric vehicle project (Valley campus).
- Implement Valley solar field project.
- Receive assurance for Scope II emissions data.**
- Assess global combustion fuel goal.

2021

- Conduct life-cycle assessments for selected center pivot irrigation and solar racking products.
- Report progress on global electricity goal.
- Implement global combustion fuel goal.
- Report Scope II carbon footprint.
- Assess alternative energy program for production and fleet vehicles.
- Assess global climate risk and evaluate contingencies.

*Scope I Green House Gas (GHG) Emissions are direct emissions from facilities/equipment that are owned by Valmont and normally include on-site and fleet fossil fuel consumption.

**Scope II GHG Emissions are indirect emissions from the generation of electricity, heat or steam used by a Valmont operation and are normally purchased from a utility provider.

2022

- Evaluate the suitability of creating Environmental Product Declarations (EPD) for selected product lines.
- Set carbon reduction goal.
- Report Scope I and II carbon footprint.

2023

- Conduct gap analysis against leading sustainability indexes.
- Review progress on carbon reduction goal.
- Implement alternative energy program for production and fleet vehicles.

2024

- Establish facility green building standards for new building construction.
- Implement global water conservation goal.

2025

- Assess formation of Sustainability Governance Committee at board level.
- Evaluate suitability of Scope III emissions calculations.
- Develop comprehensive global facility and energy management strategy.

Valley Center Pivot, USA

Our commitment to Conserving Resources and Improving Life® is delivered around the world through our four key business segments:

Engineered Support Structures (ESS)

Developing the essential infrastructure required by growing global economies.

Key Industry Sectors:

- Lighting (commercial, civil, sports, decorative)
- Mass transit structures
- Traffic control structures
- Roadway safety
- Wireless communications towers, components and concealment
- Gratings
- Architectural screening

Utility Support Structures (USS)

Transferring electric power from the generation facility to the customer.

Products:

- Transmission poles
- Substations
- Distribution poles
- Engineering and support services
- Oil and gas equipment
- Wind turbine towers and rotor housings
- Renewable energy
- Solar racking

Irrigation

A leader in optimizing fresh water usage for global agricultural production.

Products:

- Irrigation products (center pivots, linears, pumping solutions, sprinklers, drive train, flotation & traction)
- Advanced technology solutions
- Water control and conservation management

Coatings

Extending the life, value and aesthetic properties of metal products.

Products:

- Galvanizing
- Anodizing
- CorroCote
- Coatings
  - Electro-Deposition (E-Coat)
  - Liquid
  - Powder
  - Duplex

100+
Countries of Operation

22
Countries with Valmont Facilities

87
Manufacturing Facilities Worldwide

Countries of Operation

USA, Canada, Argentina, Australia, Brazil, China, Denmark, Estonia, Finland, France, India, Indonesia, Malaysia, Mexico, the Netherlands, New Zealand, Philippines, Poland, South Africa, Thailand, U.A.E., United Kingdom.

Markets Served

Infrastructure & Agriculture

69% North America

31% International

Scale of the Organization

$2.8 billion
net revenue
(F.Y. 2019)

$2.7 billion
total assets
(F.Y. 2019)

$766 million
long-term debt
(F.Y. 2019)

Approximately **9,800** employees

Lattice Utility Towers, India

Governance

Valmont® is governed by a Board of Directors. The board's leadership structure consists of a Chairman and a Lead Director. All directors, including the Chairman and Lead Director, are independent. The following committees are established at the board level.

- Audit Committee
- Human Resources Committee
- Governance and Nominating Committee

The board has adopted corporate governance principals and the following documents are posted on valmont.com for inspection.

Code of Business Conduct
Code of Ethics for Senior Officers
Audit Committee Charter
Human Resources
Committee Charter
Governance and Nominating
Committee Charter
Conflict Minerals Reporting Statement

Procedures for bringing concerns or complaints can be directed to the Lead Director or the Audit Committee. A "whistle-blower" mechanism has been implemented for all global employees.

Report Profile

Financial data is as of
Fiscal Year-end
28 December, 2019.

Contact Point

Renee L. Campbell
Vice President,
Investor Relations &
Corporate Communications
+1 402.963.1057
renee.campbell@valmont.com

Report Scope and Boundary

Valmont Industries, Inc. and its divisions and subsidiaries constitute the boundaries of this report.

Concealment Structures, USA

Report Scope and Boundary

The test for materiality comes from the sustainability context as defined by GRI. “How an organization contributes or aims to contribute in the future to the improvement or deterioration of economic, environmental and social conditions, developments and trends at the local regional or global level.”

Under the above stated context, our products have the greatest impact in contributing to the future improvement of economic, environmental and social conditions at the regional and global level.

Our approach to sustainability is outlined in our Sustainability White Paper and include: our Commitment to Sustainability and its supporting implementation strategy. Future updates will include metrics reporting, sustainability commitments from our suppliers and where justified, alternative energy usage.

GRI Sustainability Reporting Standards

Valmont® has chosen the GRI Reporting Standards for our Sustainability Reporting. The GRI Standards represent global best practice for public reporting on a range of economic, environmental and social impacts. GRI Standards were the first global standards for sustainability reporting, and the GRI reporting framework is the most widely used across the world.

Basis for Reporting

Consolidated financial reporting.

Stakeholders

Customers

Employees

Shareholders

Suppliers

Communities where there are Valmont manufacturing locations.

Society in general with respect to food production, highway/roadway safety and night-time safety.

Basis for Identification and Selection of Stakeholders

Materiality

Mario M. Cuomo Bridge Project, USA

Data on Performance:

Indicator 1: Environmental

As population growth forces agriculture to increase production, water use by agriculture will increase. Irrigated farms make up fewer than 20% of total cultivated lands, but produce nearly half of total output. 15% of irrigated lands are occupied with precision irrigation equipment. Mechanized irrigation equip ment uses up to 70% less water than flood irrigation.

Approximately two-thirds of fresh water is used by agriculture. Valmont® irrigation equipment has a greater potential to reduce fresh water use than any other technology available. Efficient irrigation equipment is a viable tool to address global water scarcity.

Indicator 2: Environmental

Track the global usage of electricity, natural gas and other combustion fuels and waste sent to landfill.

Valmont is currently tracking electricity, natural gas, water and waste to landfill metrics. This data is being used to develop business specific energy efficiency goals and to support our site based Green Teams. Valmont has expanded its collection of pertinent data to include hazardous waste and other combustion fuels such as diesel and gasoline.

Indicator 3: Environmental

Scope 1 carbon footprint for our baseline 2018 year.

In 2018, Valmont generated Scope I emissions of 127K metric tons of carbon per million dollars of revenue from our manufacturing footprint.

Data on Performance (continued)**:**

Indicator 4: Environmental

Our sale of engineered support structures and utility support structures was approximately $1.9 billion in 2019.

Our lighting and traffic products impact society through increased night-time safety and improved traffic flow. Our utility support structures benefit society by enabling delivery of electricity.

Indicator 5: Society

Valmont® enforces a Code of Business Conduct for its employees and a Code of Ethics for senior officers. Valmont is governed by the Foreign Corrupt Practices Act and expects its employees to abide by local and international standards and practices regarding trade.

Indicator 6: Environmental

Our Sustainability White Paper and Commitment to Sustainability are available on valmont.com. Valmont has implemented an Environmental and Sustainability Playbook which serves as the management system our businesses use to address their environmental and sustainability challenges.

Indicator 7: Economic (FY 2019 {GAAP Results})

Revenue: $2.8 billion **COGS:** $ 2.1 billion
SG&A: $693 million **Operating Income:** $238 million
Net Earnings: $159 million **Earnings per Share (diluted):** $7.06
Number of Shares Outstanding: 21.5 million

Convert Solar Tracker, USA

Data on Performance: (continued)**:**

Indicator 8: Labor Practices & Decent Work

Valmont® offers competitive compensation packages in all locations.

Valmont has three unionized facilities and recognizes its employee's right to organize.

Indicator 9: Environmental

Facilitate the establishment of at least 25 Green Teams across our locations.

As of March 2020, our businesses have established Green Teams at more than 80 sites worldwide.

Indicator 10: Environmental

By close of 2021, our goal is to reduce the normalized electrical usage by 8% from our 2018 baseline number.

Indicator 11: Environmental

Install a 1MW solar array at the Valley site.

Installation of the array is expected to start in mid-2020.

Indicator 12: Environmental

By close of 2020, Valmont will begin the transition to replace gasoline-powered personal transport vehicles with electric equivalents used at the Valley Campus.

valmont

Conserving Resources. Improving Life.®

Corporate Headquarters
One Valmont Plaza
Omaha, NE 68154 USA
+1 402.963.1000

valmont.com

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ANNEX: VALMONT® SUSTAINABILITY METRICS

AUGUST 2020

Electric Vehicle Program, USA

Our Commitment

Valmont® Industries, Inc. is committed to conserving resources and improving the lives of our shareholders, employees, communities and customers. That is why we are continuously working to improve our environmental performance. This annex provides a snapshot of global energy and resource usage for Valmont during the 2018-2019 period. While Valmont has gained assurance on the basis for its 2018 carbon footprint the raw data presented in this annex is unaudited.

Solar Tracker, Chile

Enterprise-Wide Energy Usage

Valmont® consumed a total of 2.29 million mmBtu of combustion fuels, 173.2 million kWh of electricity, 183 million gallons of water and 29.7 thousand metric tons of non-hazardous and hazardous waste in the baseline year of 2018.

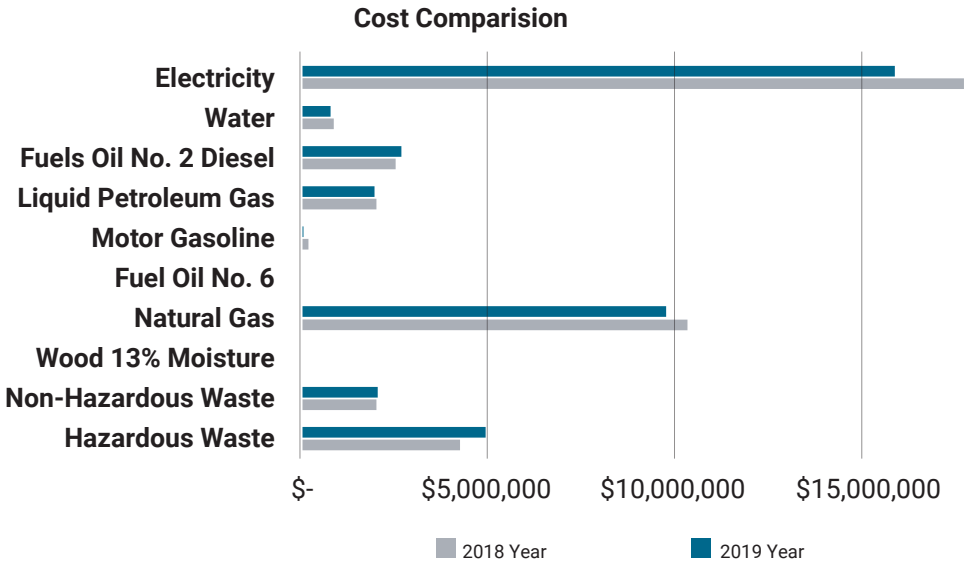
Energy Type	Non-Normalized Usage 2018	Cost 2018
Electricity	173.2M kWh	$17,733,576.00
Water	183.6M gallons/695M liters	$1,086,705.00
Fuels Oil No. 2 Diesel	167k mmBtu/1.2M gallons/4.58M liters	$3,683,538.00
Liquid Petroleum Gas	133k mmBtu/1.4M gallons/5.47M liters	$2,555,516.00
Motor Gasoline	12.1k mmBtu/96.7k gallons/365.98k liters	$302,672.00
Fuel Oil No. 6	51.5 mmBtu/343 gallons/1.3k liters	$2,580.74
Natural Gas	1.98M mmBtu	$10,322,400.00
Wood 13% Moisture	6k mmBtu	$34,059.00
Non-Hazardous Waste	15.5k metric tons	$1,608,270.00
Hazardous Waste	14.2k metric tons	$4,290,826.00

As part of the sustainability initiative at Valmont 30 thousand mmBtu in fuel, 13.2 million kWh in electricity and 400 thousand gallons of water have been conserved.

Energy Type	Non-Normalized Usage 2019	Cost 2019
Electricity	159.5M kWh	$15,869,154.00
Water	184M gallons/697M liters	$1,032,295.00
Fuels Oil No. 2 Diesel	174k mmBtu/1.3M gallons/4.76M liters	$3,589,006.00
Liquid Petroleum Gas	126.5k mmBtu/1.4M gallons/5.2M liters	$2,448,474.00
Motor Gasoline	9.7k mmBtu/77.6k gallons/293.8k liters	$195,002.00
Natural Gas	2.01M mmBtu	$9,745,800.00
Wood 13% Moisture	6k mmBtu	$34,059.00
Non-Hazardous Waste	15.7k metric tons	$1,641,246.00
Hazardous Waste	14.7k metric tons	$4,887,325.00

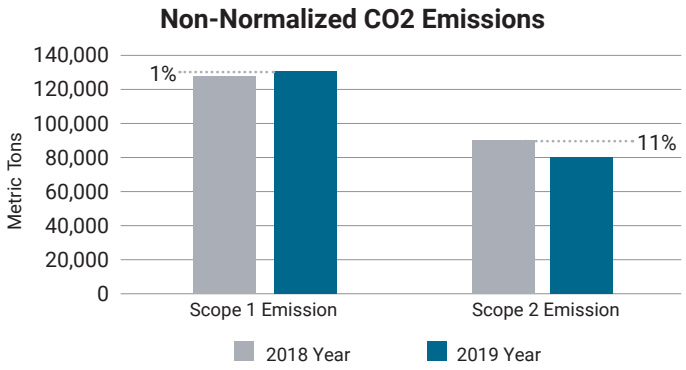
Enterprise-Wide Energy Usage (continued)

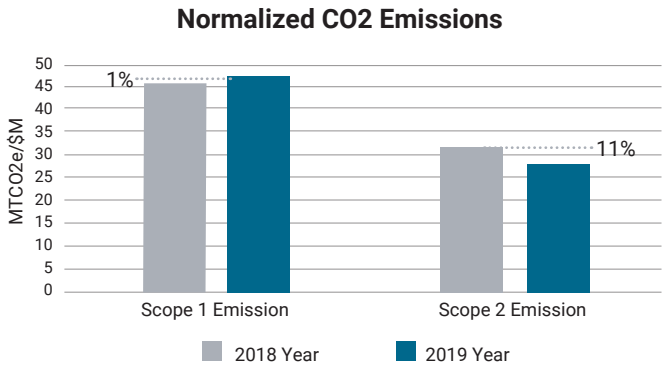
Valmont® saved an absolute reduction in energy spend of ~$2.18 million USD from these energy saving programs over the 2018-2019 reporting period.

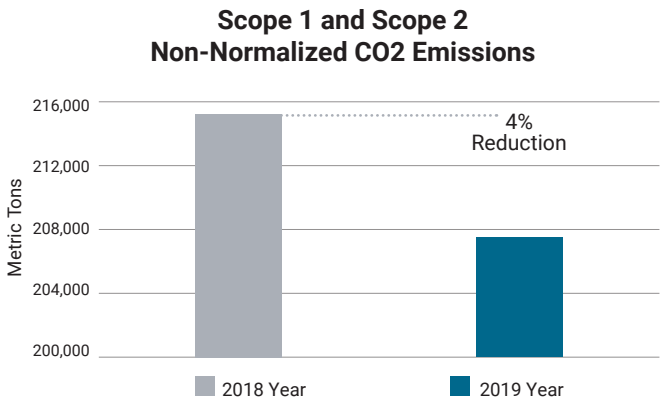


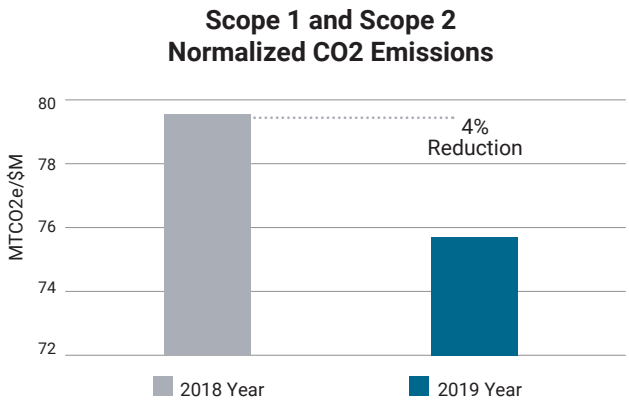
Wind Energy, USA

Enterprise-Wide Scope 1 and Scope 2 Emissions







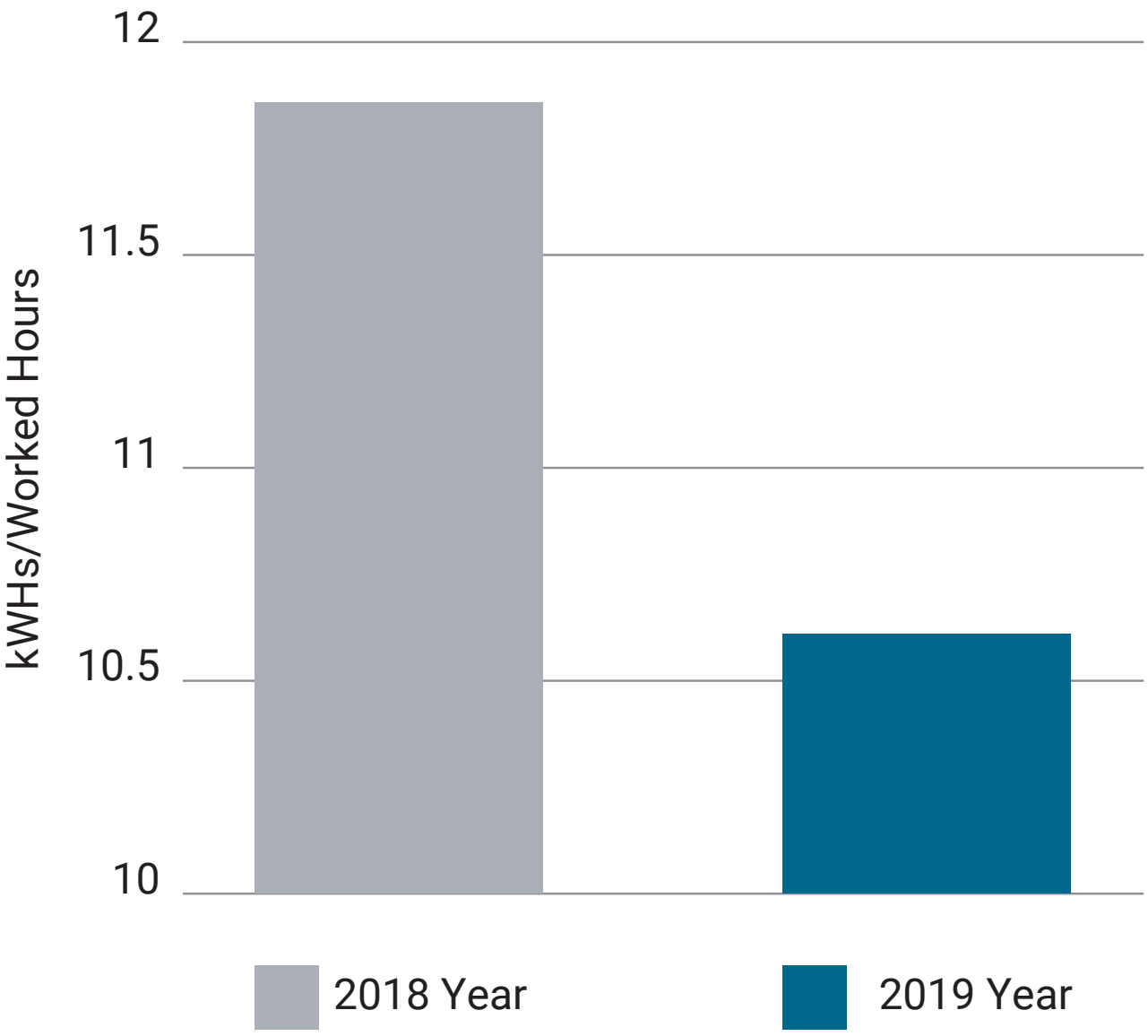


Non-Normalized	2018 Year	2019 Year
Scope 1 Emission	127,187 metric tons	128,867 metric tons
Scope 2 Emission	88,212 metric tons	78,662 metric tons
Total	**215,399 metric tons**	**207,529 metric tons**

Normalized	2018 Year	2019 Year
Scope 1 Emission	46.13 metric tons	46.57 metric tons
Scope 2 Emission	32 metric tons	28.43 metric tons
Total	**78.13 metric tons**	**75 metric tons**

The electricity usage for the Valmont® flagship facility in Valley, Neb. is presented below and normalized against hours worked. The Valley campus' overall usage is allocated across their respective segments.

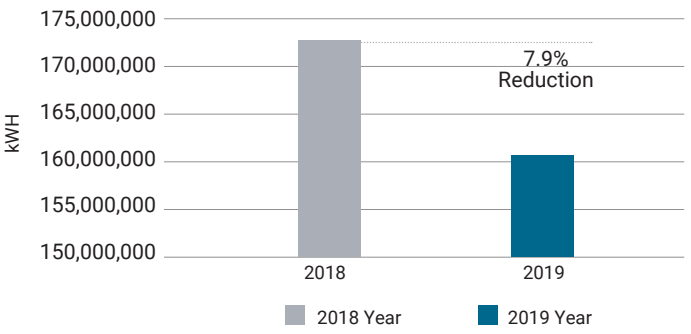
Valley Electricity Normalized by Hours Worked



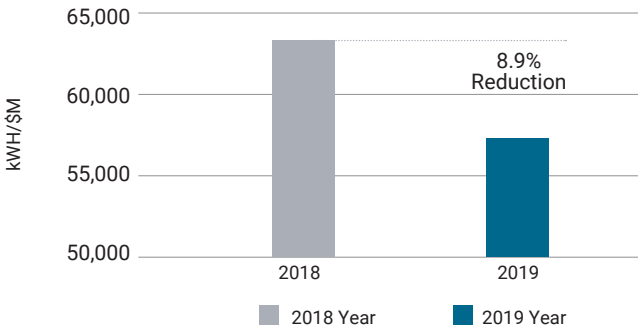
Global Electricity Goal Progress for Valmont®

Valmont has adopted a goal of reducing our normalized electrical usage by 8 percent from the 2018 baseline year to the close of 2021. Progress from 2018 to the close of 2019 indicated Valmont has saved 5,188 kWh/$million revenue which yielded a cost savings of $1.86 million USD.

Non-Normalized Electricity Usage



Normalized Electricity Usage



One of the leading contributors to these savings is the LED lighting project launched in 2018. Currently 22 out of 48 North American sites are at least 90% LED. Since 2018, we have installed 7.6 thousand LED lighting fixtures with an estimated savings of $1.2 million USD.

0%	1%—49%	50%—89%	90%—99%	100%
Barstow, CA ★	Barrie, ON	Brenham, TX ★	Bartow, FL ★	Bellville, TX
Delta, BC	Columbus Exterior	Claxton, GA ★	Brantford, ON	Claremore, OK
Ferndale, WA	El Dorado, KS	Franklin Park, IL	Farmington, MN	Columbus BLDG 2&3
Mendota Heights, MN	Folsom, NJ	Midland, PA	Mississauga, ON	Elkhart, IN
Salem, OR	Jeffersonville, IN	Monterrey, MX	Valley Tubing	Estill, NC
Walpar ★	Long Beach, CA ★	Newberry, SC		Fort Meade, FL
Plymouth, IN	McCook, NE	Tualatin, OR		Jasper, TN
	Steele, AL			Lindon, UT
	Valley Irrigation			Los Angeles, CA
	Valley Structures 514, 534, 535			Miami, FL
	Valley Structures 518, 528			Salina, KS
	Tampa, FL			Sioux City, IA
	West Columbia			Tuscon, AR
				Tulsa, OK
				Tuscaloosa, AL
				Waverly, NE
				West Point, NE

★ Plans for implementation

★ Plans set to be 100%

This Valmont® brochures are printed on FSC® certified paper, manufactured with electricity in the form of renewable energy (wind, hydro, biogas) and contains a minimum of 30% post consumer recovered fiber. FSC is a global benchmark for responsible forest management.

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Corporate Headquarters
One Valmont Plaza
Omaha, NE 68154 USA
+1 402.963.1000

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