



# 2020 SUSTAINABILITY REPORT





Sustainable agriculture is fundamental to our shared future and is imperative to fulfilling our Purpose. Together, the AGCO team is prioritizing the sustainability actions and investments that make the greatest and most immediate positive impact on farmers and our industry.



Learn more about Our Sustainability Priorities  
in our 2020 Annual Report →

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**Eric P. Hansotia**Chairman, President  
and Chief Executive Officer

## Q: What does sustainability mean to AGCO?

A: Achieving economic, social, and environmental performance in today's dynamic business climate requires a sustainability strategy that is executed with discipline year after year. In 2020, we established a new global team that is working towards integrating sustainability into our core business functions to create long-term stakeholder value. This effort starts with supporting farmers to reduce their emissions, preserve agricultural soils, and ensure the welfare of farm animals, which are areas where we have an opportunity to make the biggest impact within agriculture. Within our own

## Q&A with Eric Hansotia

operations, protecting the health and safety of our employees and managing our business to reduce our environmental impact are key priorities. Together, these actions establish us as a trusted partner to our farmers, dealer and supply partners and the communities we serve.

### Q: How do AGCO's new Purpose and Vision strengthen its commitment to sustainability?

A: As the world's population rapidly grows towards 10 billion people by 2050, feeding that population in a sustainable way is a challenge and opportunity for our industry. Our Purpose is to deliver "farmer-focused solutions to sustainably feed our world" and our Vision is to be farmers' most "trusted partner for industry-leading, smart farming solutions." Together, these statements reinforce our commitment to rapid innovation and the evolution of precision agriculture solutions to help farmers produce more with less environmental impact.

Today, perhaps more than ever, people want to do meaningful work for companies that share their values. Our global AGCO team is united by our desire to help farmers protect and grow the global food supply. Living our Purpose, especially during the pandemic, helps us retain and attract talented employees around the world. Leveraging our diversity and promoting inclusion creates an environment that unlocks innovation and employee creativity to address farmers' most pressing challenges.

### Q: How has COVID-19 shaped your thinking on sustainability?

A: At AGCO, we place farmers at the center of everything we do, and that's never been more clear than during the pandemic. Our employees around the world have been united in their shared commitment to protecting each other's health and safety and keeping the world's farmers farming. We don't want a global health crisis to become a global hunger crisis.

The pandemic has underlined the important role agriculture plays in society and the role we play at AGCO—as employers, as manufacturers and as important members of our communities. I was already convinced that AGCO had a larger, more defined role to play in sustainability, and COVID-19 reinforced my thoughts and pushed our global team to think big and act bigger. Our new sustainability strategy will be the launch pad for focused creativity and innovation in the years to come.

### Q: Where do you think AGCO has the greatest opportunity to reduce the impacts of climate change?

A: Fundamentally, agriculture can be a tremendous force for good when it comes to climate change. Agricultural soils play a crucial role in both food security and climate change. Globally, soils can sequester a significant amount of carbon from the atmosphere if paired with the right farming

solutions and practices. Developing the products and solutions farmers need to reduce soil compaction, plant cover crops, and use no-till farming practices is a key opportunity.

Within our own operations, we've announced our ambition to reduce our manufacturing carbon Scope 1 and 2 emissions intensity by 20% and increase our renewable energy use to 60% by 2026. These ambitions, combined with our product and service innovations for farmers, are essential to reducing global carbon emissions and doing our part to mitigate climate change.

We are excited to advance AGCO and agriculture on many impactful sustainability fronts!

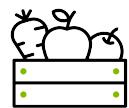
Sincerely,

**ERIC P. HANSOTIA**Chairman, President  
and Chief Executive Officer

# Megatrends Informing Our Sustainability Priorities

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We're committed to doing our part to address the biggest issues facing our industry and our world.



## Population growth and food security

From 7.3 billion in 2015 to 9.8 billion by 2050, the planet's growing population will put additional stress on the environment and societies.



## Urbanization

55% of the world's population lives in cities, growing to 68% by 2050<sup>1</sup>. Concomitant with increasing sizes of farms is an increasing risk of labor shortage in rural areas.



## Speed and scale of changing consumer preferences

Consumers continue to seek transparency in food production. And increasing demand for animal protein has driven a greater need of feed and grain<sup>2</sup>.



## Digital agriculture

Precision farming investments will continue to improve yield and reduce costs and environmental impacts.



## Shifting socioeconomics and growing divides

Emerging and developed markets continue to see gaps in nutrition and health, educational systems, economical resilience and environmental rights.



## Increasing focus on animal welfare

As human standards of living rise around the globe, driving demand for animal protein, so do concerns about animal welfare and how to find more sustainable and productive ways to raise healthy animals.



## Land use

Land is simultaneously a source and a sink of CO<sub>2</sub>. Land degradation in agriculture systems can be addressed through sustainable land management, with an ecological and socioeconomic focus, with co-benefits for climate change adaptation<sup>4</sup>.



## Climate change

Climate-related risks pose a threat to economies around the world. Extreme events—fires, freezes, floods, high winds—are occurring with unprecedented frequency and already reshaping the world's socio-economic outlook. The food sector contributes over 20% of total GHG emissions, with the agri-food chain accounting for ~30% of the world's total energy demand<sup>3</sup>.

Sources: 1 United Nations, 2 World Health Organization, 3 FAO – Energy-Smart Food for People and Climate, 4 International Panel on Climate Change - Climate Change and Land

# Identifying What Matters Most

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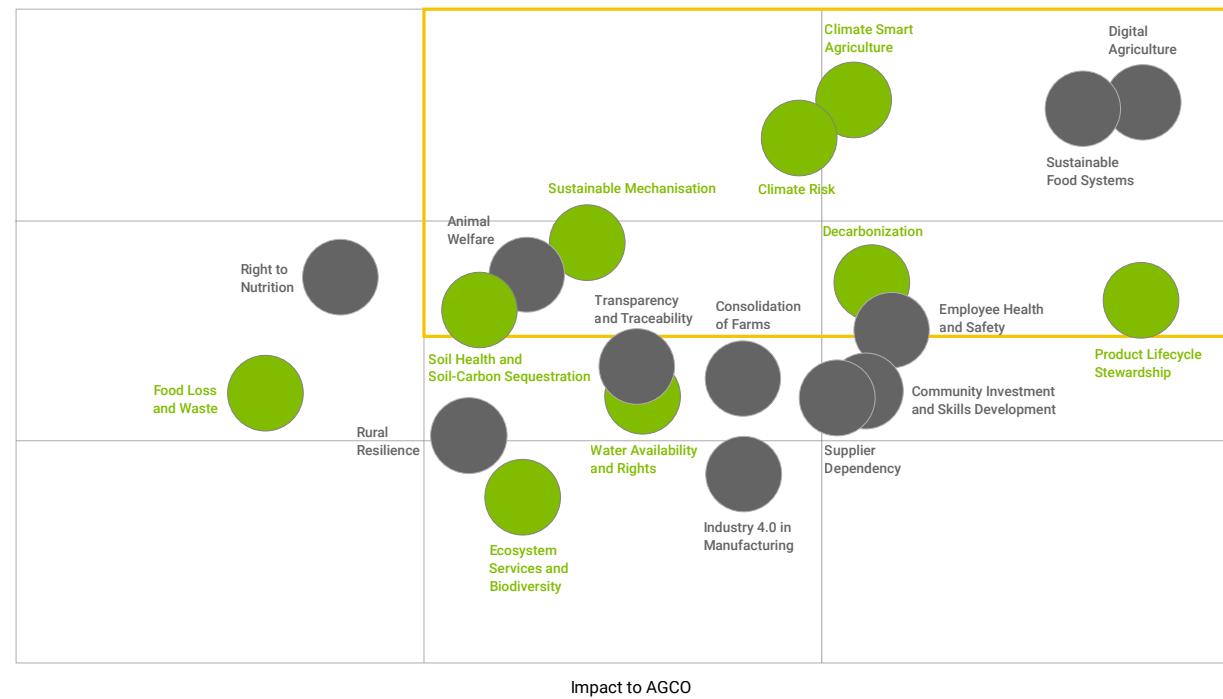
Our success depends on understanding and responding to the changing world in which AGCO operates. In 2020, we updated our materiality assessment to identify the environmental, social, economic and governance issues that are perceived as being most important to our stakeholders. In addition, we also benchmarked the key sustainability focus areas of our peers and researched industry megatrends to establish a broad view of current sustainability issues. The resulting insights informed our sustainability approach, strategy, and reporting. This ensures that we consider the issues that matter most to our stakeholders, and which we can influence.

## Alignment With UN SDGs

We recognize the importance of the United Nations Sustainable Development Goals (SDGs), which aim to make significant progress on global economic, social, and environmental challenges by 2030. From fostering sustainable food production to encouraging effective partnerships, our sustainability priorities align with six of the United Nation's Sustainable Development Goals (SDGs).



## MATERIALITY MATRIX



TYPE OF ISSUE | ● Economic and Social ● Environmental

### Identified as Material Issues

- |                              |                                  |  |                                |
|------------------------------|----------------------------------|--|--------------------------------|
| 1. Animal Welfare            | 4. Decarbonization               | 7. Soil Health and Soil-Carbon Sequestration | 10. Employee Health and Safety |
| 2. Climate Smart Agriculture | 5. Digital Agriculture           | 8. Sustainable Food Systems                  |                                |
| 3. Climate Risk              | 6. Product Lifecycle Stewardship | 9. Sustainable Mechanization                 |                                |

Materiality, as used in the context of this Sustainability Report, and our reference to materiality, is different to the definition used in the context of our filings with the SEC. Issues deemed material for the purposes of this Report, and for the purposes of determining our Sustainability strategies, may not be considered material for financial purposes nor for SEC reporting purposes.

# Engaging Stakeholders

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At AGCO, we consider a broad range of stakeholders as we each have a vested interest in securing the global food supply for current and future generations. We regularly engage with countless individuals, organizations, government bodies and other entities to discuss their priorities and the important work we can do together.

## What We Heard

Stakeholders prioritized the shift towards **environmental efficiency** and **decarbonization** in the manufacturing sector, as regulatory requirements for greenhouse gas emissions, fuel use and resource efficiency will intensify in the future.



**"The industry needs to focus towards clean tech and sustainable products, and increasingly quantify the external environmental impact of new products."**

**Climate risk** is expected to have a significant impact on agriculture, as increased severe weather events will affect farmer livelihood and food security. Additionally, stakeholders mentioned the transition towards sustainable farming practices to reduce environmental impact.



**"Changing climates will affect how and where agriculture can be done, therefore AGCO should consider this a top-of-mind priority."**

Stakeholders indicated that AGCO should focus heavily on research and development partnerships to keep pace with innovation so that **digital technology** can be leveraged to help guarantee food security.



**"The future farmer will resemble a computer scientist, leveraging technology to increase productivity in order to meet the rising demand for food."**

Our outreach follows traditional venues and pathways, such our crop tours, supplier days and distributor conferences, but more and more, and especially in this year of an unrelenting global pandemic, we engage digitally.



Fendt virtual events include: a dealer meeting engaging 400 dealers and streamed in 6 languages; a press conference of 430 journalists; and a Fendt 200 Vario launch garnering 86,000 YouTube views within 24 hours in March 2020



AGCO virtual supplier days worldwide, 1750 Supplier delegates, May-July 2020



Connecting with 65,000 farmers from approximately 170 countries at Massey Ferguson virtual event, including MF 8S product launch and virtual showroom, July, 2020



Meeting customers in China via mixed reality and 3D holographic technology at China International Agricultural Machinery Expo (CIAME), Nov 2020

# Our Sustainability Priorities



Learn more about  
Our Sustainability Priorities  
in our 2020 Annual Report →

## Advancing Soil Health and Soil-Carbon Sequestration



Improving soil health using practices such as cover crops, no-till farming and managing soil compaction contribute positively to mitigating climate change. Sequestering carbon into agricultural soils and boosting crop yields is a natural win-win for both the farmer and the environment. We are committed to developing solutions to map, measure and implement good soil health practices. We are also applying our engineering expertise to develop innovative solutions to position agriculture and our farmers to as part of the solution to climate change.

## Decarbonizing Our Operations and Products



We are committed to reducing CO<sub>2</sub> emissions across our manufacturing sites worldwide to limit our impact on climate change. Smart manufacturing uses advanced technology to increase productivity while reducing energy waste and cost. Our initial priorities will focus on using cleaner energy and reducing consumption by improving operational efficiencies. The goal of our research and development efforts with respect to engines is to be a pioneer for the farmers of today and tomorrow by designing lower emission and more fuel-efficient engines.

## Elevating Employee Health, Safety and Well-Being



AGCO recognizes the importance of health and safety to business success. It is the policy of AGCO to operate in a safe, responsible manner that respects the health and safety of our employees, our customers and the communities in which we operate. We will continually strive to work safe, every day, every way. We intend to bolster our health and safety metrics and track progress and improvements across all sites globally. We conduct occupational risk assessments, leveraging our long-term shop floor experience, and are committed to achieving zero work-related fatalities across our global enterprise.

## Prioritizing Animal Welfare in Food Production



We are committed to a culture that supports animal welfare across our leading protein production equipment brands. AGCO's Grain & Protein business manufactures feeding, watering, environmental control, bio-security, housing and building solutions for commercial egg, broiler and swine operations around the globe. We intend to be a leader in promoting awareness of advances in modern animal agriculture that help producers care for their animals and reduce environmental impact, while maximizing productivity to deliver safe and sustainable animal protein to the global food supply chain.



# Advancing Soil Health and Soil-Carbon Sequestration

[LEARN MORE →](#)

Reducing atmospheric greenhouse gas concentration by capturing carbon in agricultural soils.

## Deepening Our Engagement with Farmers on Soil Health

At AGCO and across all our brands, we vigorously look to understand real challenges faced by our customers and find ways to solve them. Finding innovative solutions to tackle the challenge of sustainably feeding our world is no different. The farmer is our guide, and in our conversations, we will look to incorporate their insights and feedback on sustainability issues that matter most to them to inform our product and service innovation.



**COMMITMENT**  
Integrate Sustainability into Customer Engagement Activities Across All Core Brands by 2025



### Meaningful Dialogue Leading to Valuable Insights

Aligned with our strategy of customer-centricity, AGCO regularly engages with an online farmer community to better understand opinions on the long-term drivers of change in the agricultural sector. Launched initially in Europe and running for two-week periods through the year, its participants share perspectives and exchange views using an interactive online platform. In 2020, a wide range of sustainability topics were discussed, including how farmers are adapting their operations to navigate the impact of climate change, evolving regulation and technological advances in agriculture. These invaluable insights are used to evolve our support for farmers as they transition towards more sustainable business models.

## Demonstrate Regenerative Soil Practices and Promote Best Practices to Farmers

Over the past several years, we have invested in a thriving network of demonstration farms and initiatives to dig into the topics that matter most to farmers. Our Precision Technology Institute (PTI) in the USA and our Future Farms in Switzerland and Zambia run hundreds of trials each year overseen by our global agronomy team to test new ideas, allow farmers to experience the latest technologies and demonstrate core agronomy principles. These activities are supported by our Global Crop Tours and our Precision Planting Winter Conference where we host over 75 events around the world. We plan to pivot our global agronomy activities during 2021 towards more sustainability trials including cover cropping, lower tillage intensity, herbicide reduction by mechanical weed control, insecticide reduction through cultural and natural methods and variable rate nitrogen fertilization strategies.



**COMMITMENT**  
Integrate Soil Health Best Practice into Future Farms Trials and Global Crop Tours



BEN NGWENE  
Agricultural Advisory Manager,  
AGCO Africa

## AGCO Agronomy Digs in with Virtual Learning

The launch of InsidePTI brings farmers a weekly video series that shares insights and data from PTI's trials. The institute has already created over 70 episodes covering topics such as ideal soil moisture, adding CO<sub>2</sub> to soybeans and the effects of applying less nitrogen to the soil. In addition, our Martin Richenhagen Future Farm in Africa launched an online learning platform in 2020 to deliver a five-module agronomy program to farmers digitally. This investment in digital learning as well as upgrades to our state-of-the-art training facility in Zambia was powered by nearly \$5 million in additional investments.

## ADVANCING SOIL HEALTH AND SOIL-CARBON SEQUESTRATION

## Develop New Sensors, Technologies, and Machine Features

AGCO's brands produce a steady stream of new products, many of which feature smart farming solutions from Fuse® and Precision Planting. We are harnessing this capacity to find ways to improve soil health and support the reduction of the use of chemical inputs. Building on the successes of products such as Smart Firmer, which allows farmers to see inside the soil and Fendt's 13 exclusive grip and soil technologies including VarioGrip, we continue to work tirelessly to protect the farmers most valuable asset, their soil.



**COMMITMENT**  
Develop New Sensors, Technologies and Machine Features to Support Soil Health and Carbon Sequestration



## Fast Track Connectivity Across AGCO's Core Brands

The digitalization of the farm continues, with Fuse® technologies playing a leading role. We intend to fast track our capabilities to deliver connectivity across our entire fleet—across all brands of high-horsepower equipment—to enable and accelerate the adoption of smart farming and precision agriculture worldwide. Optimizing nutrient and pest control efficacy, managing compaction and machine optimization are key opportunities where farmers can leverage the right data to favorably impact yield and the environment.



**GOAL**  
Deliver 100% Connected Fleet by 2025

## FendtONE, the New Operating Concept

2020 saw the debut of the FendtONE system, the first fully integrated control strategy on the market, and a new operating philosophy that brings the onboard and offboard worlds together. It allows wireless and real-time data transfer between the tractor cab and farm office. FendtONE brings together agronomic and machine data in a combined ecosystem – allowing farmers to better use data-based diagnostics to enable informed decision-making that improves operational efficiency and resource conservation as well as yield and productivity.



# Decarbonizing Our Operations and Products

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Reducing CO<sub>2</sub> emissions to limit the extent of climate change from operations and product use.

## Reduce Our Manufacturing CO<sub>2</sub> Emissions

Our priority will be to decrease Scope 1 and Scope 2 GHG (greenhouse gas) emissions from our manufacturing sites worldwide. Our goal is to decrease operational GHG intensity 20% by 2026 from a 2020 baseline. Our renewable energy program is helping to accelerate our efforts.



### Using Renewable Start-Up Fuel

Neste MY Renewable Diesel, produced from waste and residues, replaced fossil fuels in all internal logistics vehicles at our Nokia engine plant in Finland, further reducing emissions by approximately 130,000 kWh.



**GOAL**  
Decrease GHG Intensity by 20% by 2026



### Production Efficiencies at Fendt

Across our Fendt sites in Germany, we've implemented several initiatives including generating heat from locally sourced wood chips and power from a photovoltaic system. Additional energy efficiency measures include replacing inefficient equipment, installing smart lighting and ventilation systems and renovating older buildings. Our sites in Marktberdorf, Asbach-Bäumenheim, Feucht and Hohenmölsen now run on 100% green electricity, which has cut CO<sub>2</sub> emissions from electricity consumption to zero and significantly reduced total emissions from production activities.

## Increase Our Use of Renewable Energy

On a global basis, we are accelerating efforts towards the use of 100% renewable energy across our global manufacturing footprint where possible, targeting incremental progress year over year. We are currently using approximately 42% renewable energy across our global manufacturing sites and have set an initial goal to reach 60% by 2026 from a 2020 baseline.

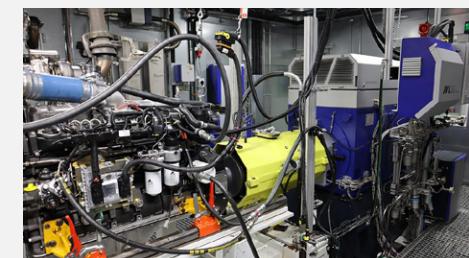


### Making the Switch to Solar

A ground-mounted solar panel system was installed at our plant in Assumption, Illinois that rotates to track the sun throughout the day, maximizing electricity production. The new system is expected to provide approximately 20% of the site's power requirements.



**GOAL**  
Reach 60% Renewable Energy by 2026



### Harnessing Energy From Engine Testing

At our largest engine manufacturing plant in Linnavuori, Finland, AGCO Power invested in new AC dyno engine assembly test cells to convert energy from our engine testing facility into electricity for its buildings, generating emission reductions of approximately 553,000 kWh.

**DECARBONIZING OUR OPERATIONS AND PRODUCTS****Reduce the Carbon Emissions of Our Products In-Use**

AGCO continues to invest substantial resources in research and development to engineer and deploy advanced technologies and to significantly enhance traditional ones, including continual improvements in vehicle engine and transmission efficiency. In support of this, we are directing our efforts toward projects focused on alternative fuel solutions as well as accelerating electrification, natural gas, hybrid technology and fuel cells. We also are committed in the near term to improving the efficiency of vehicles that rely on the internal combustion engine. AGCO meets and, in many cases, exceeds the local emission standards where we do business. Our engines are Tier 4 compliant in the United States and Stage V compliant in Europe.



**COMMITMENT**  
Invest In Technologies  
to Reduce Carbon  
Emissions of  
Products In-Use

**Reducing NOx Engine Emissions**

AGCO pioneered the application of innovative emission reduction technologies to significantly reduce NOx. We were one of the first to adopt Selective Catalytic Reduction (SCR) technology that already meets US EPA Tier 3 standards. SCR systems are highly efficient at treating the engine-out exhaust, significantly reducing NOx emissions, as well as carbon release.

**Harness Advances in Vehicle Electrification and Field Agricultural Robotics for Use on Farm**

We are piloting a fully electric Fendt® tractor that has market potential in livestock, greenhouse farming and specialty crops as well as municipality applications. We look to further advance this technology to develop battery-powered equipment in other agricultural applications to enable our customers to reduce the CO<sub>2</sub> footprint in their production processes. The next step: bringing robust, battery-powered ingenuity into the farmers fields to revolutionize how crops are planted.



**GOAL**  
Commercial Availability of Fendt E100 by 2025

**Seed Sowing Field Robots**

In Xaver, AGCO has brought sophisticated, autonomous, digital technology into the field. The latest generation Xaver is a battery-powered autonomous field robot that now includes our Precision Planting innovative vSet® seeding technology. Xaver uses 90% less energy when compared to a conventional tractor-implement combination, has zero air and negligible noise emissions and significantly reduces compaction of the soil. Xaver can be operated as an individual unit or as part of a connected swarm of robots by an app connected to the FendtONE operating system.

**DECARBONIZING OUR OPERATIONS AND PRODUCTS**

## Grow Remanufacturing and Rebuild Business

AGCO REMAN provides an environmentally sustainable and cost-effective way to replace parts on existing machines, with a solution equivalent to—or better than—replacing with a new part. Because of this, REMAN parts are supported with the same warranty as new parts. As remanufacturing is a value-retention process supporting a circular economy, replacement parts including engines are remanufactured using the returned core material to retain and increase the value of the part.

This value-retention process requires less energy inputs and new raw material as well a reduction in production emissions and waste—up to a 90% reduction. REMAN allows us to provide the same performance and reliability standards to our customers meeting the original manufacturer's specification at a fraction of the cost of buying new. REMAN's product offerings include more than 6,200 part numbers globally. AGCO sees tremendous potential in remanufacturing and has set an ambitious goal to grow this business.

**GOAL**  
Increase  
Remanufacturing  
Business Revenue  
150% by 2025



## Complete a Global Climate Risk Assessment in 2021

In recent years, unprecedented wildfires, floods, freezes, and storms have put into stark relief how climate risks can reshape the landscape. With the intention of aligning our business with the Paris Agreement and the transition towards a low-carbon, climate-resilient economy, we recognize the need to take climate action and consider the impact of climate change on our business. In 2021, AGCO intends to complete a climate risk assessment aligned with the Task Force for Climate Related Financial Disclosures (TCFD) as a framework for assessing our climate governance, risk, and strategy. Findings will inform AGCO's climate action goals, ensuring our business is both financially resilient and optimized for growth.



**COMMITMENT**  
Publish Our Climate Risk Assessment in 2021



## Integrating ESG into Our Risk Management Framework

In 2020, we made positive steps towards integrating ESG into our enterprise wide risk assessment framework. We expanded the scope of sustainability risks of material significance within our risk categories to include climate change and enhanced environmental protection, as well as adding new human capital risks, such as culture and employee engagement.

# Elevating Employee Health, Safety and Wellbeing

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Ensuring that all AGCO workplaces protect the health and safety of employees and prevent long-term occupational health risks.

## Implement a 'ONEAGCO' Approach to Health and Safety

We are actively embedding an enterprise-wide maturity model to advance our culture of health and safety to reach beyond site, region, or brand, encompassing all of AGCO. This ONEAGCO approach builds on the success of our health and safety FOCUS program launched in 2014, which concentrated on our manufacturing sites globally. In 2021, we will launch our FOCUS 2.0 program with the goal to bring all sites and all employees within reporting scope. Our ambition is to outperform industry benchmarks, leverage leading safety indicators, raise productivity, lower incident rates, and exceed regulations in all markets where we operate.



**COMMITMENT**  
Roll out AGCO's FOCUS 2.0 Health and Safety Program Globally in 2021



## Deliver a Year-on-Year Reduction in Recordable Injuries

We have a proud history of protecting our people and understand that safety vigilance must be accompanied by efforts to continually improve our safety systems and performance. We have initially set a short-term goal to reduce our recordable injury rate in 2021 while we re-evaluate our longer-term goals as part of our 'FOCUS 2.0' program.

**GOAL**

Deliver a Year-On-Year Improvement to Our Recordable Injury Rate for Manufacturing Sites



# Prioritizing Animal Welfare in Food Production

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Leveraging technology to drive innovation for animal-based food production by ensuring care, nutrition, health, and welfare of farm animals.

## Engaging With Experts on Animal Welfare

Farm animal welfare is a collective issue for the food industry. As a proactive partner, we aim to bring together voices from diverse backgrounds to advance the field of animal protein production and provide insights on current animal welfare topics and collaborate on evolving welfare standards impacting farmers. Ultimately, we commit to engage regularly with independent experts to support the establishment of product development criteria to inform future product solutions and set an example that we hope others will follow.



**COMMITMENT**  
Convene an Expert Animal Welfare Advisory Panel in 2021



**COMMITMENT**  
Develop and Publish a Corporate Policy on Animal Welfare in 2021



## Establish Smart Protein Research Partnerships

Recognizing the growing engagement from consumers for information on how their farm animals are raised, we will focus our research and development efforts on technologies that demonstrate optimized environmental conditions supporting animal welfare and productivity. Digitalization of the farm has tremendous potential to provide valuable insights to inform product and service evolution to farmers, and to provide food transparency that consumers care about.



**COMMITMENT**  
Establish a Research Program in Partnership with The University of Georgia Poultry Science Department in 2021

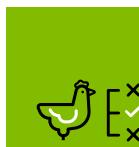
### Working with Academia to Advance Animal Welfare

October 2020 marked the beginning of a new collaboration with the University of Georgia (UGA), internationally recognized as a Poultry Science and Research Center, to further the evolution of Smart Broiler buildings using animal sensing systems to monitor bird behavior and provide insights into optimal animal welfare conditions. This partnership includes funding of approximately \$600,000 to support the construction of a research building on UGA premises to conduct animal-centered research oriented towards upgrading our products, improving animal welfare and developing improved sensors to measure conditions at the animal level as well as two side-by-side partial scale broiler buildings to test new concepts and performance against an established base model.



**PRIORITIZING ANIMAL WELFARE IN FOOD PRODUCTION****Innovate for Animal Health**

AGCO is in the process of articulating our strategy to design, engineer and manufacture industry-leading protein solutions, building on our advanced aviary systems, precision feeding systems and organic sheds that we have already brought to market and are developing further to meet producer needs as they evolve. We are building on the integrated systems offered by our Cumberland, AP and Tecno brands today that help poultry, swine and egg producers protect animal welfare, health and productivity with innovative climate control, housing, bio-security, feeding and watering systems.



**COMMITMENT**  
Finalize a Product Strategy and Roadmap in 2021 to Deliver Animal Welfare Innovations across AGCO's Protein Brand Portfolio by 2025

**Engineering Avian Welfare into Product Design**

2020 saw the launch of Tecno's updated AS250 aviary layer system and the AS227, Tecno's first aviary rearing system in Europe. Designed to meet the stringent and evolving requirements of European cage-free egg production, Tecno's aviary layer and pullet systems are designed to give chicks and hens complete freedom of movement combined with automated and computerized watering, feeding, egg collection, ventilation and cleaning systems.

**EDGE Gives Farmers the Full View**

Digital innovation is at the forefront of modern animal agriculture. EDGE® is AGCO's leading control platform for protein operations that helps farmers monitor their animals' environment and collect information, including feed, watering, animal weight, ventilation, cooling, heating and lighting data 24/7. Since its launch, over 2,000 EDGE controllers have been installed into production operations globally, providing invaluable, real-time data that supports farmers in keeping their animals safe, stable and healthy.



# Corporate Governance

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## The Board and Independence

AGCO is committed to sound corporate governance that is in the best interests of all of our stockholders and that aligns with our goal of long-term value creation. The Board conducts a holistic review of AGCO's governance and compensation practices and is focused on ensuring strong independent oversight.

A majority of the Board of Directors must meet the criteria for independence established by applicable laws and regulations and the New York Stock Exchange. At the end of calendar year 2020, all of our twelve Directors, except our Chairman and one other Director, were independent. Each member of the Audit, Compensation and Governance Committees is an independent Director under the applicable rules with respect to such Committees.

The Board has been and remains actively focused on its overall composition. The Board is comprised of Directors with varied social and professional experience and backgrounds which provide depth and breadth of insight and perspectives that support overall Board effectiveness. AGCO has appointed new directors in 2019, 2020 and 2021, with three Directors also retiring at our 2021 Annual Meeting. As a result of our focused Board refreshment efforts, AGCO's average Board tenure is expected to be six or less years by May 2021. In evaluating Director candidates, there are a number of factors that are considered to ensure the entire Board, collectively, embraces a wide variety of characteristics including experience, expertise, gender and racial diversity, independence, integrity and reputation. Three of our Directors are female and every Director must stand for election annually.

During 2020, in addition to the ongoing Board refresh activities, the Board made the following changes to leadership and governance practices:

- Appointed a new Lead Independent Director, effective January 1, 2021
- Enhanced the already robust duties of the Lead Independent Director role
- Appointed three new Committee chairs, also effective January 1, 2021
- Adopted five-year term limits for Board leadership positions, including the Lead Independent Director position and three independent Committee Chairs
- Updated AGCO's Hedging and Pledging Policy

## Committees of the Board of Directors

The Board has delegated certain functions to six standing committees: an Executive Committee, an Audit Committee, a Compensation Committee, a Finance Committee, a Governance Committee and a Succession Planning Committee. Each of the Committees has a written charter.

As from 2021, certain sustainability topics are included in our risk management process overseen by the Audit Committee. In addition, the Governance Committee regularly reviews with management, and provides input into, the social, environmental and sustainability initiatives, including the consideration of social and environmental impacts of major business decisions and provides feedback on AGCO's public reporting on these topics.

## Corporate Governance Principles, Charters, Global Code of Conduct and Other Policies

AGCO is dedicated to maintaining the highest standards of ethical conduct and responsible corporate governance. We are proud of the integrity of our employees, managers, officers and the Board of Directors. We are committed to ensuring the full disclosure of our activities and policies. We provide policies and training to our employees to serve as the structure and framework to guide them in their behavior at AGCO. We provide various corporate governance and other information on our website:

- our corporate governance principles and charters for the Audit, Compensation, Executive, Finance, Governance and Succession Planning Committees of the Board
- our Global Code of Conduct

## Our Policies

Health and Safety →  
 Environment and Climate Change →  
 Human Rights →  
 Supplier Code of Conduct →  
 Conflict Minerals →

## Sustainability Governance

We recognize that sustainability can only be effective if it is firmly integrated into organizational and management systems. Therefore, in 2020, we introduced a new structure to promote sustainable business activities, from Board oversight to strategic planning to implementation and reporting.

The Board of Directors is responsible for the overall corporate governance at AGCO, which includes oversight of sustainability and corporate responsibility. As part of its role,

the Board is responsible for enhancing the long-term value of AGCO for shareholders. In its charter and activities, the Governance Committee reviews our social, environmental and sustainability initiatives.

Day-to-day accountability for sustainability rests with AGCO's executive leadership and, in particular, our Chief Executive Officer.

## Operational Approach to Managing Sustainability

In 2021, we intend to establish a Sustainability Council to drive sustainability integration across policies, activities, products and services. The Sustainability Council will consist of AGCO senior brand and functional leadership. The Council will monitor risks, opportunities, and progress, and remove barriers to support integration of sustainability into the business.

AGCO's newly established Sustainability Core Team drives the implementation of Council decisions and leads or oversees execution of and reporting on sustainability initiatives and programs.

AGCO's newly established Strategy workstreams lead the advancement and execution of AGCO's stated sustainability goals and commitments.

Green Leaders champion sustainability, drive knowledge and best practice sharing throughout the business and provide expert insights to workstreams for the core team, promoting the integration of sustainability into day-to-day practices across AGCO.

# Valuing Our People

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At AGCO, we celebrate our purpose-driven culture and the people who live it every day. Our people thrive on delivering value to farmers, our distribution partners, the communities where we live and work, the people of the world we help feed, as well as to one another.

## Purpose-Driven Culture

Our purpose is to create “Farmer-focused solutions to sustainably feed our world”. To achieve AGCO’s strategic vision, our people are rallying around the following farmer-focused imperatives:

- Place farmers at the center of everything we do.
- Unite as one AGCO team with a shared purpose.
- Build a diverse and inclusive team.
- Lead with a dedication to safety and quality.
- Adopt digital solutions to improve the way we work.
- Deliver results through disciplined execution.



## Our People Priorities

AGCO benefits from the perspectives, experiences and ideas that come from our naturally highly diverse teams in approximately 33 countries. From experience, we know diversity of thought promotes creativity and innovation, and that fostering an inclusive environment leverages that creativity to drive greater business success. Our people priorities focus on enhancing employee engagement and fostering a diverse and inclusive workplace that attracts and retains exceptional talent. Everywhere we operate, we strive to reflect the communities where our people work and live.



## Actively Engage Our Employees

In 2020, we ran a global organizational survey, involving more than 10,000 employees. We achieved an overall response rate of 73% and received over 17,000 individual comments. This data was used as a foundation for the development of a refreshed corporate strategy, including our new purpose and vision as well as a clear way forward regarding our company culture. As part of our current transformation, we are seeking to ensure that our people fully understand and are excited about our strategy and how they contribute to its success.



We also launched global pulse surveys in 2020 to receive input from employees on their experience of working from home as a result of COVID-19. The results informed AGCO’s evolving philosophy on flexible working and actions to keep employees connected, healthy and safe.

In 2021, we will launch a global listening strategy that will leverage a variety of data capture tools, including a global employee engagement survey. These inputs will provide us with robust feedback regarding the overall employee experience. This first survey will be key in establishing our baseline overall engagement score for future reporting.

## Diversity and Inclusion

AGCO fosters a culture of inclusion where employees feel valued and empowered to contribute our organizations success regardless of their gender, race, age, sexual orientation, or ethnicity. In 2020, society faced numerous challenges that brought into stark relief issues of equality and social justice. At AGCO, we acknowledge our responsibility to be a leader and encourage our employees to provide their input on how we at AGCO can make a difference.

Our core values of transparency, respect, accountability, integrity, and team spirit are foundational to who we are as an organization. AGCO takes its role as an advocate of diversity, equity and inclusion seriously, as evidenced by our official and public support for the state assembly where we are headquartered, to pass Hate Crime legislation. As we look to do more to identify and eliminate systemic racism and discrimination in our global communities, we realize that public words and intentions are only a start, however it is our commitment and actions that will matter in helping to secure a better future for everyone.



### Increasing Women in Leadership Roles

Gender equality continues to be a key focus at AGCO. Through robust global processes and initiatives, we have increased the number of female successors for leadership roles, provided development opportunities like our recent 'Ignite your Impact' program targeted specifically at developing high-potential female talent in our manufacturing, engineering and supply chain organizations. While we are continually striving to improve every day, our recent efforts are paying off as AGCO has achieved an average of 13.2% increase of women in leadership year over year since 2017.

We also actively partner with external organizations, such as The Manufacturing Institute, Women in Manufacturing (WIM), Women in Agribusiness and Women in Engineering, all who share our commitment to improving business results through inclusive leadership. At the end of 2020, female representation in Leadership was 16.4% up from 14.1% the previous year. We are committed to building upon the successes of each year to continually advance female representation across all areas of the business at AGCO.



### Nurture an Inclusive Company Culture

While we hold many values in common, AGCO employees appreciate different perspectives and embrace the opportunity to work with those of diverse backgrounds. AGCO has established two employee resource groups (AGCO Global Women's Network, first established in 2011 and AGCO Black Employee Network, established in 2020) to support the recruitment, development and retention of these under-represented groups. Through our global diversity and inclusion initiative TRAIT, AGCO people managers as well as more than 6,000 employees have received formal training to combat unconscious bias and promote behaviors that create an inclusive environment. To support this, we have also implemented processes to ensure diverse candidate interview slates, enhanced onboarding procedures to facilitate inclusion and drive retention, diverse interview panels to improve candidate experience and equity in selection and modified our university relations strategy to cultivate diverse candidate talent pipelines for internships and entry-level employment opportunities.



**GOAL**  
Extend Mandatory  
Unconscious Bias  
Training to All  
Employees in 2021

# AGCO Agriculture Foundation

[LEARN MORE →](#)

The AGCO Agriculture Foundation (AAF) supports a holistic approach to the prevention and relief of hunger and food insecurity through sustainable agriculture development. The Foundation focuses its philanthropy on building needed agricultural infrastructure to help feed the world sustainably and equitably.

## COVID-19 Aid Program

As the global COVID-19 pandemic first swept over the earth in early 2020, it became clear that this was far more than a health crisis, bringing economic dislocation and devastation in its wake and intensifying hunger, food insecurity and poverty. In urgent response, the Foundation worked closely with its partners to provide humanitarian relief.

In April 2020, the Foundation established its COVID-19 Aid Program with an initial \$450,000 grant to 14 non-profit organizations around the globe. This included \$100,000 of support for the United Nations World Food Programme (WFP), which focused its COVID-19 emergency response on the provision of food relief, social safety nets and medical supplies in vulnerable communities in Latin America and Africa. They also worked with WFP to provide additional lifesaving support for marginalized farmers and their families. The COVID-19 emergency response efforts provided approximately 210,000 meals to people in need. Through other non-profits in the U.S., Argentina, Brazil, Turkey, Spain, U.K., India and Africa, the Foundation's COVID-19 Aid Program has impacted more than 50,000 vulnerable communities and has helped scale-up efforts to prevent and relieve hunger.



**AAF COVID-19 Aid Program—Regional Recipients**

### North America

Feeding America  
Flint River Fresh  
Food Forward  
Kane County Farm Bureau Foundation  
Peoria Area Food Bank

### South America

Amigos do Bem  
Gerando Falcoes  
Moviliza RSE  
ONG Banco de Alimentos, Brazil  
ONG Banco de Alimentos, Argentina

### Europe/Middle East

The Trussel Trust, UK  
World Food Program Turkey  
Banco de Alimentos de Madrid

### Asia/Pacific/Africa

Self-Help Africa  
Goonj India  
China Wujin Charity Federation

## 2020 Impact Award

At the end of 2020, the organization la gran Noche de Argentina y Sudamericana recognized the Foundation with an "RSC Distinction 2020" for its work during the coronavirus pandemic in South America.





## Five Focus Areas for Assisting Marginalized Farming Communities

Going forward, as the pandemic recedes and abates, the AGCO Agriculture Foundation intends to return to its primary purpose of building needed agricultural infrastructure to meet increasing nutrition needs, taking a holistic approach to the prevention and relief of hunger. In seeking to initiate impactful programs to support food security and sustainable agricultural development in underserved communities around the world, the Foundation focuses on five areas:

- **Nutrition and health** with a forward-looking approach to nutritional demands
- **Agricultural education** seeking to advance quality education where it's needed most
- **Community development** particularly in rural areas
- **Feeding the world ethically** supporting improved treatment of farm animals in the supply and value chain
- **Combatting hunger** through aid for community initiatives around the world

As AGCO's sustainability strategy rolls out this year, the Foundation will further develop its strategy to align operations in geographies where it can make the greatest impact on our farmers and society.



## Sustainable Poultry Production in Zambia

In 2020, the Foundation funded a sustainable poultry initiative for marginalized Zambian farmers in urgent need of building resilience against the impact of the pandemic on the poultry sector. The initiative aligns with the Foundation's focus areas of "Ethical Treatment of Farm Animals across the Value Chains" and "Forward-looking Approach to Nutrition." Launched at the Martin Richenhagen Future Farm in Lusaka, the initiative enhances local capacities in response to the increasing demand and consumption of poultry protein. The Foundation has partnered with the non-profit organization Self Help Africa to manage the initiative on the ground through training on improved animal welfare, increased production, and improved livestock management operations. The initiative supports approximately 150 poultry farmers, including approximately 50 female poultry farmers, empowering them to improve their livestock management operations, which will result in their increased productivity, skills, income and access to nutrition.

## About This Report

AGCO established a new global sustainability function in 2020. This is our first sustainability report since 2014. In the report, we have set out our strategic priorities for sustainability. We have not sought external assurance from third parties with respect to the information presented in this report.

This report covers activities for the fiscal year ending December 31, 2020 (FY2020) unless otherwise stated. This Sustainability Report provides a concise overview of our strategic priorities for sustainability as well as initial commitments and goals which we will evolve in future reports. We see this as an iterative process and will seek feedback from stakeholders as to how we can evolve and improve our reporting and disclosures each year.

Materiality, as used in the context of this Sustainability Report, and our reference to materiality, is different to the definition used in the context of our filings with the SEC. Issues deemed material for the purposes of this Report, and for the purposes of determining our Sustainability strategies, may not be considered material for financial purposes nor for SEC reporting purposes.

For more information on our ESG disclosures including the GRI Standards and SASB, please visit our website.

## Forward-Looking Statements

This report contains forward-looking statements regarding our plans and expectations with respect to sustainability. The forward-looking statements include the goals and commitments described in this report and the other statements that address our future, which include statements that are introduced with words such as expect, intend, anticipate, plan, and phrases of similar import. Actual results may differ materially from the results suggested by the forward-looking statements for a range of reasons, including the need to develop new technology, the cost of developing that technology and of delivering that

technology to farmers, the acceptance of and demand for that technology by our distributors and farmers, competitive responses from other manufacturers of farm equipment, intellectual property claims by others, the need and challenges in attracting and retaining qualified employees, government regulation, and the risk factors that we identify in our Form 10-K for 2020 as filed with the Securities and Exchange Commission. We disclaim any obligation to update any forward-looking statements, except as required by law.



Learn more about  
Our Sustainability Priorities  
in our 2020 Annual Report →