



Sustainability Report 2021

Sustainable Expansion

This is the company's statutory sustainability report for the financial year 2021. The report also summarises key events over the past year, covering Väderstad Holding AB, Väderstad AB and all of the subsidiaries included in the Väderstad Group.

The report has been inspired by the Global Reporting Initiative's (GRI) guidelines.

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Sustainability at Väderstad

Our strategic sustainability work

At Väderstad we work from the definition of sustainable development that was formulated in 1987 in the Brundtland Commission's report Our Common Future:

"Sustainable development is development that meets today's needs without compromising opportunities for future generations to satisfy their needs."

We see sustainable development as being based on three dimensions; one economic, one ecological and one social. In this report we describe how we work to promote each of these dimensions.



Sustainability at Väderstad – our vision, mission and the way we work

We help to simplify work and improve yields so that the world's farmers can provide the world's population with food.

We want to be a driving force in the transition towards long-term sustainable food production.

We strive for long-term sustainability – in everything from material selection and environmental impact to how we take care of our customers and employees.

About the Väderstad Group

Since we were founded in 1962, we have strived to contribute to the establishment and emergence of crops – so that farmers around the globe can provide the world’s population with food. But as the population continues to grow, the need for food increases. This means that a heavy burden of responsibility rests on the shoulders of our customers, the farmers. They need to produce food that is even more nutritious, and they need to do this as efficiently and sustainably as possible.

Väderstad wants to be a driving force in the transition to long-term sustainable food production. Our vision is to become the world’s leading partner in attaining optimal crop emergence.

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

Simplifying the work and improving the results of the world’s farmers is our ultimate driving force and it is precisely here that we at Väderstad can do the most good for our farmers and for the climate. The machines and methods that we have developed over the years have significantly reduced fuel consumption for the farmers, as they are able to carry out several tasks in a single pass. In addition, quality and high

durability have always characterised Väderstad’s machines. You might therefore say that sustainability has been part of our business strategy since the very beginning.

Väderstad has a strong focus on innovation and have been a part of agricultural development for almost 60 years. We have during this period, on several occasions, developed new machines that have doubled capacity while at the same time providing improved end results.

Väderstad operates in a global high-tech market. Our business model is based on developing machines for soil cultivation and seeding. These machines are produced in our own production units located in Sweden (Väderstad and Överum), Canada (Langbank, Saskatchewan), and USA (Wahpeton, North Dakota). We use efficient production methods and do everything from machining and welding sheet metal and steel, to painting and assembling finished machines. The machines are then sold in around 40 countries through sales companies and sales representatives.

Sales are also made through long-term relationships with reputable external sales channels. We both manufacture and buy in wearing and spare parts for our machines that we then sell to our customers so that they can get the optimum use of their machines. We strive for long-term sustainability – in everything from material choices and environmental impact to how we take care of our customers and employees. Our ambition is to develop machines that carry out several tasks in a single pass with the purpose of saving time, energy and money.

Our product areas



Cultivation



Seed drilling



Precision drilling

**Our mission is to simplify the work
and improve the performance of
farmers around the world.**

Organization



Corporate structure



Sales Companies/Sales representatives

- | | | |
|----------------|--------------------|----------------|
| Australia | Germany | Russia |
| Canada | Hungary | Sweden |
| Czech Republic | Latvia | United Kingdom |
| Denmark | Lithuania | Ukraine |
| Estonia | Poland | US |
| Finland | Republic of Serbia | |
| France | Romania | |



Management team

President and CEO Väderstad Group
Mats Båverud
Henrik Gilstring (from February 2022)



“

For almost 60 years, Väderstad has been a part of agricultural development and during this time we have on several occasions developed new machines that have doubled capacity while at the same time providing an improved end result



-
- **1962**
Cord
Tine Harrow
 - **1976**
HV
Packer
 - **1982**
NZ
Harrow
 - **1991**
Rapid
Seed drill
 - **1992**
Seed Hawk
Deep seed drill
 - **1999**
Carrier
Disc tool



○

2004
TopDown
Combined cultivator

○

2005
Spirit
Seed drill

○

2006
Vaderstad Industries Inc
Väderstad became a partner in 2006, wholly owned since 2013

○

2007
Väderstad Components
Väderstad becomes a partner in 2007, wholly owned since 2011

○

2012
Tempo
Precision seed drill

○

2021
Vaderstad Inc
Väderstad acquires the company AAJV

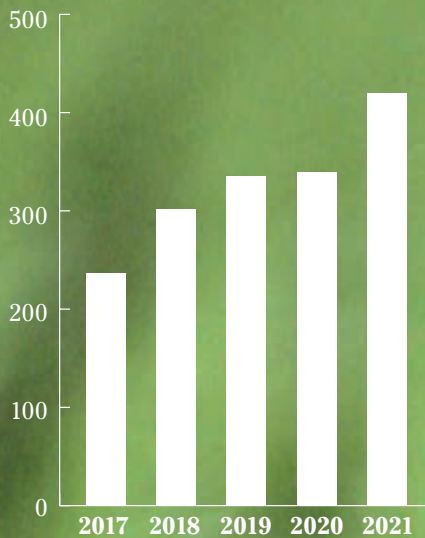
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The year in brief

Turnover 2021

420 MEUR

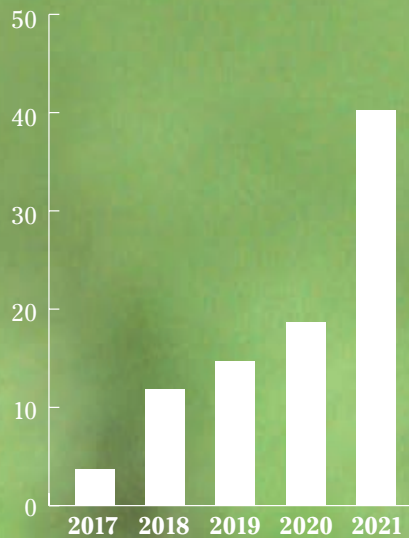
Turnover MEUR



Results 2021

40 MEUR
(EBT=earnings before tax)

Results MEUR



40

Väderstad is represented in 40 countries and on all continents

47%

Equity Ratio
(52% before adjustment of acquired company in the USA)

19

Sales companies/
Sales representatives

6 500

machines manufactured annually

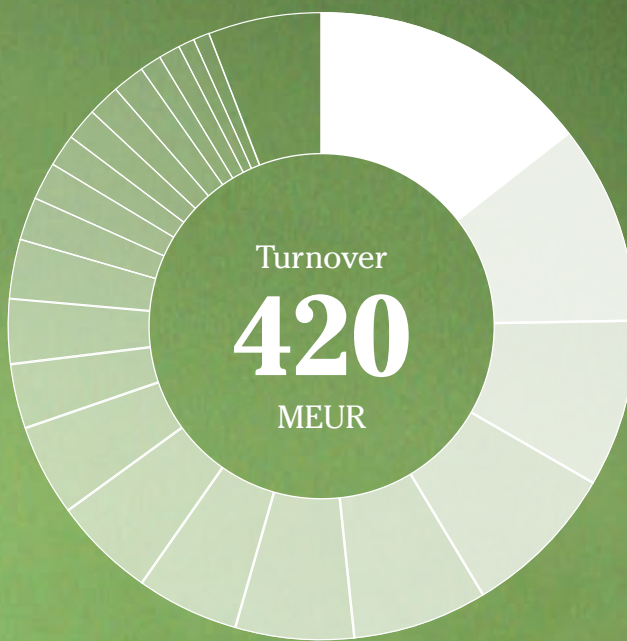
Vision

To become the world's leading partner for outstanding crop emergence.



Our markets in 2020

- Canada
- Russia
- Sweden
- Germany
- Ukraine
- United Kingdom
- Hungary
- France
- Poland
- Romania
- Lithuania
- US
- Czech Republic
- Bulgaria
- Norway
- Finland
- Australia
- Estonia
- Slovakia
- Denmark
- Kazakhstan
- Latvia
- Others



Entrepreneur of the Year 2020

Väderstad and the Stark family received the Albert Bonnier award Entrepreneur of the Year (Dagens industri)

Business idea

To provide modern agriculture with highly efficient machines and methods

Farmers – perhaps the most important profession in the fight against climate change

In four years Väderstad Group has managed to double our turnover while at the same time increasing our profit margin. As CEO, I am extremely grateful for the confidence given to me in letting me be part of this journey at the end of my professional career. These years have, without doubt, been the most fun ones.



Mats Båverud

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I am convinced that all the work we are doing today to become more sustainable will have positive effects in the long term

Now that the 2021 financial year is over, we can sum it up as one of the company's most successful ones to date. We are hitting the four billion mark in turnover, have acquired a company in the US, won 'Best in Show' at the American exhibition Big Iron Farm Show, began a major expansion of the factory in Väderstad and much, much more. And last but not least, we have continued to drive the transition towards long-term sustainable food production – which is the mission in our ongoing sustainability work. There are two important factors behind the success – satisfied customers and high product quality. Our growth is created through satisfied customers and profitability – we achieve this through successfully delivering the machines at the right time and to the right quality.

Väderstad has been a pioneer in developing new efficient equipment and methods, always with the farmer in focus since its foundation in 1962. It is through our power of innovation and our close relationships with the farmers that we have made the company develop into the global entity we are today. But there have been periods in time where we have not put enough focus on our internal processes, leading to quality issues that negatively affected the result. This is why my focus as the CEO of Väderstad Group has been to secure the internal processes to ensure that our operational capability is at the same high standard as our innovation ability and our customer relationships. Four years ago, the newly appointed management team began a comprehensive process of change with the aim of achieving Operational Excellence – a state where we can realise our ambitions and our customers' expectations. We have already come a long way and the results are visible as a higher growth rate and a good profit. As we are always moving forward in continuous improvement we will never entirely reach our goal, but we have now created the conditions needed to continue our growth and profitability journey. Because the bigger and stronger we get, the faster we can drive the development towards a long-term sustainable food production.

Sustainable food production begins with agriculture and farmers are therefore one of the most important professions in the fight against climate change, they are in fact in many ways already climate heroes. It is the farmers who make crops grow, and as crops grow, they bind carbon dioxide through photosynthesis. But it is not only plants that bind carbon dioxide – even our soils can, under the right conditions, bind large amounts of carbon. Soils that bind carbon are constantly green, i.e. they are rarely or never open as open soil actually emits carbon dioxide instead. Farmers have the task of both providing the population with nutritious food and capturing

our emitted carbon dioxide, making it a vital profession for the future. Our job at Väderstad is to supply the machines and methods needed for the farmers to cope with these tasks. That's why we put a lot of our focus and innovation power into supplying solutions that increase customer returns, reduce carbon emissions, and help store more carbon in our soils. This is where we at Väderstad can make the biggest difference to the climate.

In order for farmers to be able to invest in new technologies that promote sustainable agriculture, good yields are required, which are partly affected by the weather and global grain prices. With a few exceptions, 2021 has essentially been a very favourable year for the world's farmers, with high grain prices and stable weather. These conditions increase willingness to invest, which benefits us at Väderstad. While there has been significant demand for our machines, we have suffered from material shortages due to the pandemic. It is mainly the price of steel that has gone up as a result of many nations choosing to make major infrastructure investments. In addition, we have also suffered from a lack of electronic components. Despite these challenges due to the Coronavirus pandemic, we have managed to deliver a fantastic result. This is proof that we are on the right track and that the work done in the management team within the framework of the internal processes has paid off.

I am convinced that all the work we are doing today to become more sustainable will have positive effects in the long term. In our operations, we should of course ensure and carry out the investments necessary to reduce our own impact on climate change. But the process needs to be speeded up and all of us: companies, politicians and individuals need to listen to and learn from science. And our most important task is to help our customers to farm the land in a sustainable way.

I would like to take this opportunity to thank you for five fantastic years here at Väderstad where I have had the privilege to learn more about the world's most important industry and hopefully helped to lay the foundation for a continued sustainable and successful future.



Sustainability work during the year

Over the course of the year, we have followed our plan to develop our sustainability work. Our HSE Manager has led the work together with a project group consisting of key people from different parts of the business. This year's sustainability report provides information about the results of this work.

Steering

Väderstad's Board of Directors has overall responsibility for sustainability issues. The group consists of several members from the ownership group, two union-elected members and two external members. Hence, we believe that the Board represents and has knowledge of all parts of the company, our environment and its requirements and possibilities. This gives us a well-composed board that is qualified to be responsible for the Group's long-term sustainability.

Sustainability is a focus area defined in the Ownership Directive and in the Group's five-year plan. Väderstad Group shall undertake systematic sustainability work, with concrete goals and activities, linked to the UN's global goals for sustainable development.

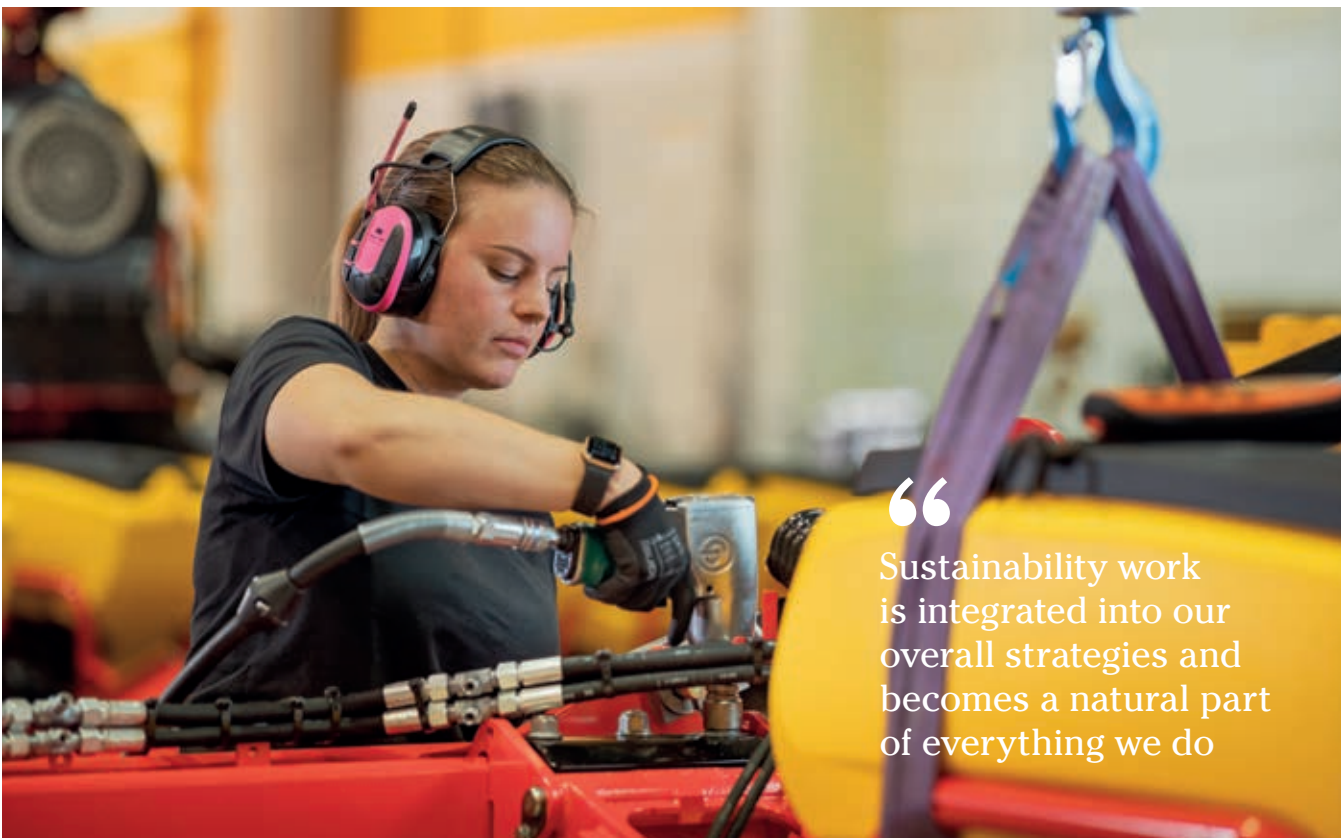
How we manage the company is based on and imbued with our values, The Väderstad Way (TVW). Our common values serve as our roots, and form the basis for how we treat our customers and each other. Our values are the compass in our daily work, in our decision-making and for how we choose to prioritise. Our values are also an aid when written rules and policies do not exist.

An important part of The Väderstad Way is that we work as a global team – One team for global growth. Over the past year, we have launched a global intranet, common to the entire Väderstad Group. There is also work going on to develop global processes and working methods so that we work together according to best practice and benefit from the experience

and expertise that exists throughout Väderstad Group.

Sustainability work – integrated into our overall business policy

An important part of implementing systematic sustainability work has been to develop a sustainability policy during the year. In order to integrate sustainability work as a natural part of the business, we quickly realised that instead of a separate sustainability policy, we should integrate all parts of the sustainability work into an overall business policy. A proposal for content was presented to, and approved by management. The business policy was then formally adopted by the Board of Directors in September 2021.



“ Sustainability work is integrated into our overall strategies and becomes a natural part of everything we do

Väderstad's Business Policy

Making durable equipment that farmers can always rely on has been a company objective right from the very start. Now, just as then, the establishment and emergence of crops so that the farmers of the world can efficiently provide the Earth's population with food is essential. This is the challenge that motivates us in our day-to-day operations, and is also our reason for being.

Our vision is to become the world's leading partner in attaining optimal crop emergence. When crop emergence is optimal after sowing, the foundation is laid for high-yield harvests. Focusing on our customers and working closely with them is essential in fulfilling our vision. Through our business concept – to provide modern agriculture with highly efficient machinery and methods – we want to be a driving force in the transition towards long-term sustainable food production. This enables us to successfully carry out our mission of contributing to simplifying farm work and increasing results for farmers.

We strive for long-term sustainability – in everything from material choices and environmental impact to how we care for our customers and employees.

We do this by:

- having everyone's health and safety as a top priority, and in doing so creating a healthy workplace where no one gets hurt or sick because of their work.
- continuously reducing environmental impact and working actively to protect the environment.
- complying with the laws and other requirements imposed upon us.
- working closely with our stakeholders, such as employees, customers, suppliers, government authorities as well as other internal and external stakeholders.
- working as a global team so that we can take advantage of everyone's skills and experience.
- be at the forefront, which means that we start from 'best practice' and use the best, known solutions, while actively striving for continuous improvements and innovations.
- always focusing on 'right from me'.
- developing, maintaining and continuously improving our standardised working methods to optimise our operations.
- ensuring that the company's other policies are in accordance with Väderstad's Business Policy.

Examples of Policies

- Fire Protection Policy
- HR policy
- Equal opportunities plan
- Väderstad Group's Policy for the Processing of Personal Data
- Integrated Privacy Policy
- Privacy policy – Väderstad AB
- Communication policy

Examples of procedures

- Management of accidents, incidents, risk observations and operational disruptions
- Procedure for workplace bullying, threats or violence
- Procedure for alcohol and drugs
- Procedure for sick leave and rehabilitation

Objectives and action plans

The work to formulate measurable goals for our prioritised sustainability issues now becomes part of Väderstad's overall goal management work, thus integrating sustainability work into our overall strategies and making it a natural part of everything we do.

Action plans for each sustainability goal will also be developed in the same way as for the other goals of the business. The sustainability work will be run and implemented by the business, and our goal is that all employees will soon know what sustainability issues we are working on.



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Sustainability work is not a one-man show, it's a way of running the business

Natalie Andersson

Three sustainability focus areas where we can make the biggest difference

The strategic sustainability work that began in 2020 has been further systematised over the past year. Natalie Andersson is HSE Manager and is responsible for leading, developing and coordinating the sustainability work.

“2021 has been a fantastic year and we have made great progress. However, I would like to point out that sustainability work is not a one-man show, but rather a way of running the business – where many people are involved,” she says.

To carry out strategic sustainability work, you need to do your homework properly and ensure that the energy and resources are put into the right things; quite simply where they make the biggest difference. Now all the stages of homework have been done: from an analysis of the current situation and of the stakeholders, to a materiality analysis, which all together resulted in seven priority sustainability aspects compiled into three focus areas.

“I began the year by creating a project group together with a number of key individuals from the business. We have worked through the respective steps of our roadmap and at each stage, additional people have been involved based on their area of responsibility,” explains Natalie.

Step one of the roadmap was the current situation analysis, where an assessment was made of how well business

management works from a sustainability perspective and what the greatest sustainability risks are.

“The purpose of the current situation analysis is to identify what we are doing well today and what we can develop in the future,” she says.

Listen to employees, customers and suppliers

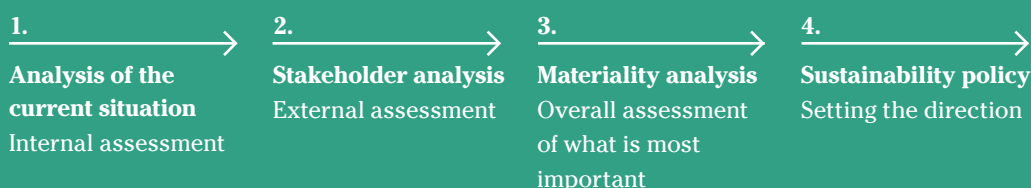
It was then time to listen to the stakeholders to find out how they value different sustainability aspects and what issues they consider most important for Väderstad to work on.

“We conducted a stakeholder dialogue with all our employees as well as a selection of customers and suppliers through an online survey. The results included a ranking of our sustainability aspects, and we also obtained good input on how we can develop our sustainability communication,” says Natalie.

Materiality analysis shows the way forward

The analysis work was compiled in the third step, the

Sustainability roadmap



Over the year, an analysis of the current situation, a stakeholder analysis and a materiality analysis have been carried out, resulting in three focus areas and six priority sustainability aspects.

Plan: Objectives and action plans
Do: Implement measures
Check: Follow up on results
Act: Develop the work

Three focus areas and seven prioritized sustainability aspects



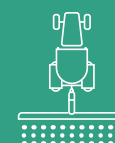
People

- Employees
Create a safe, secure and healthy work environment
- Farmers
Contribute to a safe working environment



Planet

- Promote environmental improvements in the agricultural sector
- Optimize material use, minimize emission that are harmful to plants and animals, and work on minimizing waste



Product

- Develop innovative, efficient and sustainable products
- Ensuring a high product quality

Prioritize stable financial results and long-term profitability in the company

materiality analysis. “The project team and management gathered in a workshop where we made an assessment of the extent to which Väderstad has the opportunity to influence the different sustainability aspects. We eventually ended up with seven sustainability aspects where we can make the biggest difference and these are the ones we prioritise our work around” explains Natalie.

Three focus areas – People, Planet, Product

In order to make the sustainability work easier to understand and allow people to communicate around it, three focus areas were defined, including the seven priority sustainability aspects.

We have chosen to categorise our sustainability work under the three Ps: People, Planet and Product. A stable financial result with long-term profitability is as well a prerequisite for well-functioning sustainability work.

“Of course we also need to set measurable goals for our focus areas. These goals are set in the same way as for Väderstad’s other goals. In this way, we ensure that the sustainability work is integrated into the company’s overall goal management work,” explains Natalie.

Strategies and activities to achieve the sustainability goals will be developed in the normal work of breaking down the goals for the coming years. Our ambition is that our strategic goals in the future will cover all the focus areas: People, Planet and Product.

Business policy – the framework for the continued work

A business policy has also been developed over the course of the year to include all aspects of the sustainability work. The business policy serves as a framework for the whole of Väderstad, which the company’s other policies are subject to follow (see page 14).

United Nations’ Global Goals

Now that the goals for Väderstad’s sustainability work have been formulated, the next step is to link them to the UN’s Sustainable Development Goals – Agenda 2030.

“We have managed to follow our roadmap over the past year and our sustainability work has improved systematically and structurally, which makes it easier to prioritise the continued work to ensure that we put our energy into what has the most impact. The next step will be to analyse how, by working towards our goals, we contribute to the UN Sustainable Development Goals,” says Natalie.

Another important focus for Natalie and the sustainability team is to inspire other employees.

“It’s particularly motivating to work with these issues at Väderstad as the company vision is really clear – to be a driving force in the transition towards long-term sustainable food production. It gives the work a higher purpose. Now it is important that we manage to convey the message of how all employees at Väderstad can contribute to the sustainability work,” Natalie concludes.

Planet

About the focus area and our goals

Väderstad has its roots in agriculture and the soil, and protecting our environment has always been a given, long before we had even heard of climate change and Agenda 2030.

The population is growing and the need for food is rising, while access to arable land is becoming increasingly strained. Huge responsibility therefore lies with the world's farmers to produce increasing amounts of nutritious food in the most efficient and sustainable way possible.

Väderstad's machines are used exclusively in the agricultural sector and we therefore want to drive a positive environmental impact in the sector through innovation, while at the same time reducing our negative environmental impact throughout the entire life cycle.

Our mission for our sustainability work is to be a driving force in the transition towards sustainable food production in the long-term.

Strategy – what we need to do to get there

1. Raw materials

We place high demands on our suppliers and our material choices are made based on careful selection processes and tests. We do, for example, use Swedish tempered quality steel with a long service life for which SSAB is our main supplier. We work actively to minimise harmful chemical substances in our products, both from an environmental and a health perspective. We aim to in particular, minimise the substances listed in the REACH Candidate List, and also ensure our obligation to report these substances to ECHA's SCIP database.

2. Production

Our greatest direct environmental impact comes from our production facilities. Väderstad Group's operations have been running normally, with no major disruptions or events of environmental importance occurring during the year. The work on introducing an environmental management system according to ISO 14001 is ongoing, with a focus on implementing working methods that are in line with the standard requirements. This work also includes the development of common working methods and processes, in the quest to work according to best practice.

Väderstad AB (VAB) is the largest unit and accounts for 80 percent of the production in Väderstad Group. The business is subject to a permit according to the Swedish Environmental Code and there are permits in place for the manufacturing of agricultural machinery. The restriction in the permit is linked to volatile organic solvents. During the past year, the use of these has by a good margin been within the current permit. Other conditions are deemed to have been fulfilled during the year. A periodic survey of the activities was conducted at the end of 2020.

Väderstad Components AB (VCAB) conducts activities that are notifiable in accordance with the Swedish Environmental Code and a notice is in place regarding the existence of precautionary measures. The notice include measures for noise, chemical and waste management, and an annual

inspection of the business. These are deemed to have been fulfilled by the company during the year. Annual supervisory visits are carried out by the Environment Agency.

Väderstad Industries Inc (VII) operates within the rules set out in The Saskatchewan Environmental Code without exception. The painting process used there is powder-based, which means that no solvents or thinning is needed. Since 2021, VII's operations also include the newly acquired production facility in Wapeton, USA.

Energy

The business's energy use through, for example, lighting, heating, ventilation, compressed air and hardening furnaces affects the environment and we therefore work continuously to reduce our energy consumption and increase our energy efficiency. The Väderstad Group is affected by the European rules on energy mapping in large companies and VAB and VCAB therefore undergo an energy audit at least every four years that generates action proposals on how we can further reduce our energy consumption and increase our energy efficiency. VAB conducts an annual check of any compressed air leaks and fixes the leaks detected. At VAB, we also purchase 100 percent renewable electricity.

VII has implemented an environmental committee that meets monthly to identify and drive environmental improvement measures, for instance through reduced energy consumption in the business. The committee also aims to increase environmental awareness among staff.

Waste

Furthermore, we are continuously working to streamline our processes and manufacturing methods to minimise the waste from production and improve raw material utilisation. Among other things, VCAB strives to use the surface of each steel sheet as efficiently as possible, and thereby reduce waste. For the waste that arises, the focus is on recycling as much as possible and metal recycling is a major part of this.

Life cycle of Väderstad machines

1. Raw materials
2. Production
3. Distribution
4. Use
5. Final disposal





3. Distribution

Väderstad works to optimise transport and delivery processes in order to minimise their environmental impact. VCAB strives, among other things, to completely fill every truck and trailer when transporting goods. Last year, VCAB signed an agreement with an environmentally certified and fossil-free transport company for the transport of goods. At VAB, there is ongoing work on both inbound and outbound transports. For inbound transports, we are constantly working on finding new suppliers that fit into our run structure. We also always try to optimise the degree to which we fill the vehicles.

The haulage contractors that we primarily use for transport are environmentally certified or fossil-free. In addition, VAB has fixed delivery days for suppliers with less volume in order to optimise these inbound deliveries. Work is ongoing to expand the vehicle setup, where appropriate, in order to optimise received deliveries. With regards to outbound transportation, we are looking at consolidating shipments from our spare parts warehouse and also having fixed delivery days for each market in order to be able to coordinate larger shipments. Over the past two years, the number of transports/manufactured machinery has remained stable despite increased production. But we want to improve even more. Our goals for 2022 are therefore to introduce a common booking system for the entire Väderstad AB and to reduce the number of arriving transports per manufactured machine by at least 5 percent.

4. Use

Väderstad is at the forefront and is a driving force when it comes to innovations that greatly reduce soil tillage and that can perform several operations in a single pass, with lower pulling capacity per working metre to among other things

reduce diesel consumption. In the short term, the farmer saves time and money, but the long-term benefits are even greater. With reduced soil tillage there is for instance a reduction in the risk of soil erosion, while the storage of carbon in the soil increases. The greater the biological mass present in the soil, the more carbon will be stored, which in turn reduces carbon dioxide emissions.

We continuously educate our customers on how to best use our machines, for instance from a resource perspective to achieve low fuel consumption and optimal soil tillage and sowing. For each machine delivery, the user receives an overview of the machine, its functions, and its optimum settings. The purpose is to optimise the use of the machine at the lowest consumption of resources and cost. Through our website, we also provide both agrarians and technical information that helps the farmer to optimise usage and ensure that the machines are optimally tuned. This is partly achieved through our Quick Start guides which give the farmer advice on settings and operation of the machine. We also arrange practical training in the field, on site in different markets. Our product manuals are of course always included with every machine purchased.

5. Final disposal

Making machines with a long service life and minimal maintenance is a hallmark of Väderstad. At VCAB, we manufacture high-quality wear parts through an optimised hardening process to increase service life. In our own development laboratory, as well as through participation in research projects, we work to further develop and extend the service life of our wear parts.



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We continuously educate our customers on how to best use our machines, for instance from a resource perspective to achieve low fuel consumption and optimal soil tillage and sowing

What we've done over the year

In 2021, Väderstad Group adopted, in line with Sweden's commitment to the Paris Agreement, a long-term, strategic environmental target of net zero greenhouse gas emissions by 2045. Within the framework of this goal, we have for FY22 adopted a KPI of increased energy efficiency by 8 percent. The scope for this KPI is electricity spent and district heating on our production units. In 2021, energy audits were carried out at VAB and VCAB. We carry out

continuous energy saving measures and in 2021, we have for example continued to replace our lighting with LED (VAB) and switched from electric heating to air sourced heat pumps in selected premises (VAB). In addition, we have replaced older heat pumps with new ones with improved efficiency (VAB) and reused the waste heat from the air compressors to heat certain premises (VCAB). At VCAB, we have also installed air curtains at all new doors, which prevents cold gusts, provides energy savings and improves the indoor climate for staff.

At VII, a successful collaboration has been initiated with the supplier of wooden pallets. Wooden pallets that were previously discarded after delivery to the company are now sent back to the supplier to be re-used, a way of working which eliminates the need to produce hundreds of new pallets each month.

VII has also obtained consultancy help to identify measures that can reduce the energy consumption originating from the factory's own processes. This has resulted in an action plan with both short and long term proposals. There is for instance potential for energy savings

by turning off equipment at night when not in use, by preventing compressed air leakage, by switching to LED lighting and by reducing air leakage adjacent to doors and doors.

During the past year, VII has completed its tree project where a total of 1,200 trees have been planted in three rows along the outer edge of the plant. Tree types have been chosen for their long-term abilities to stop wind, dust and snow. Shallow rooted grass has been sown between the trees to keep larger weeds away. In addition, the chosen grass type reduces the risk of fire, as it does not die during drought and remains green well into November.

Having the tree line adjacent to the highway provides both increased aesthetics and improved visibility on the road in winter snowstorm-like conditions, which in turn can help save lives. Trees improve our air quality by filtering harmful dust and pollutants such as ozone, carbon monoxide and sulphur dioxide from the air we breathe. In addition, they give out oxygen and create habitats for birds and other wildlife.



Good soil health
and high harvests
are closely connected

Nina Pettersson

Nina Pettersson is Väderstad's new Chief Agronomist, a newly appointed role that will support the business with even more agronomic expertise. Nina's mission is to follow research, policy decisions and market developments all over the world – you could say that she is Väderstad's global trend scout.



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In order to produce more food and energy and at the same time contribute to reduced climate impact, we need to focus on the soil

Nina grew up on a dairy farm in Skåne, studied to become a plant growing agronomist at Ultuna, and has since worked as a crop cultivation advisor. She also runs a farm together with her husband on a ranch near Väderstad.

“I’ve been interested in farming for as long as I can remember. Throughout my professional career, I have followed Väderstad from the outside and been impressed by the company’s innovation power and growth rate. To be part of that journey from the inside feels amazing,” she says.

Switch up in a sustainable way

The world’s farmers need to be able to provide a growing population with nutritious and sustainably grown food and energy. This means that they must farm the land both sustainably and efficiently.

“This is the biggest and most important challenge that the world is facing. After all, everyone has to eat to live. This makes agriculture the world’s most important industry and we at Väderstad have an incredibly important role to play by delivering machines and methods that increase efficiency and yield in a sustainable way,” says Nina.

Nina is convinced that it is possible to combine profitable food production with reduced impact on the environment and the climate. She even believes that agriculture can be part of the solution to the climate issue.

“In order to produce more food and energy and at the same time contribute to reduced climate impact, we need to focus on the soil. Good soil health is the foundation of everything that grows. When the soil is healthy, everything else falls into place, and as a consequence harvests and profitability increase. We are simply seeing better dividends from our efforts. This is exactly what we at Väderstad are working on,” she explains. One way to improve soil health may be to work with different cultivation systems. One such is Conservation Agriculture, which has a strong focus on soil health.

“By cultivating the soil with precision, binding carbon into the ground, working with intermediate crops, preserving soil moisture and striving for a well-balanced crop sequence, you create the conditions for good soil health. But as different farms have different conditions a single system will not be suitable for everyone,” she says.

According to Nina, there is still a lot that is unexplored when it comes to soil health and soil properties. The soil is so complex and the connection to the plants is complicated, but Nina is convinced of one thing – good soil health results in better harvests.

“Achieving good soil health will be crucial if agriculture is to provide the world’s growing population with nutritious food and at the same time be part of the solution to the climate challenge. But it’s not a quick fix and there’s no easy solution that suits all farmers,” she says.

Digitalisation and precision farming

In addition to focusing on soil health, there are of course several other areas that Väderstad works with to increase yields and contribute to sustainable agriculture, including digitalisation and precision farming.

“The digitalisation that is being implemented in agriculture right now is also an important part of creating a sustainable agriculture. It is about optimising the efforts made based on the status of the soil so that we achieve an even better precision cultivation,” explains Nina.

“Right now there is an incredible amount of things going on all over the world in our industry and we at Väderstad have an important role to play in the transition. I look forward to an exciting future here at Väderstad with all the available knowledge, the strong power of innovation and of course the high level of ambition,” concludes Nina.

People

About the focus area and our goals

The Väderstad Way is our values and the basis of our corporate culture. The values serve as a support in our daily decisions, so that we always prioritise focusing on the customer and sustainable agriculture. We strive to simplify the work and improve the results for the farmers of the world. This presumes a safe and secure working environment for the farmers using our machines. Using a machine from Väderstad should always provide the best possible conditions for efficient and safe agriculture.

Väderstad is a family business where relationships and care towards each other is a core part of the corporate culture. A good internal working environment, where the employees' safety, health and skills development are high priorities, is a prerequisite when working for long-term sustainability, in everything from material selection and environmental impact to how we take care of our customers and employees. In other words, nurturing and developing our internal relationships is at least as important as nurturing our relationships with the world's farmers. With over 1,900 employees worldwide, we work as a global team, together. This allows us to take advantage of all the expertise and experience available within Väderstad Group.

Safety is our top priority. Both for the farmers using our machines and for our own employees. For our customers we want to be able to guarantee a safe working environment for the farmer and high quality in our products. At a group level, we work towards the goal that no work-related accidents should occur in our operations. Väderstad wants to be a sustainable and attractive employer that offers our employees unique opportunities to grow. The fact that employees choose to work for us is crucial to maintain a stable skills supply that meets both current and future needs. Väderstad wants to be a workplace where our employees feel respected, safe, appreciated and can develop. Our long-term sustainability work is partly about proactive health work, and partly about an encouraging a culture where we take advantage of everyone's skills and innovation power and work to achieve the maximum employee experience.

Strategy – what we need to do to get there

Safety work

In order to be able to offer a safe and secure working environment for farmers, it is important to do the right thing from the start. Accidents must not occur, we therefore work preventively to identify and remedy existing risks for the farmer. All our machines are CE-marked and third-party

audited by RISE, making us feel fully confident that our machines meet the safety expectations. In addition, practical tests are always carried out in the field before a machine is delivered to the customer. The machine testing includes tests by farmers who provide valuable input in terms of, for example, ease of use and work environment. A novelty for this year is that we have also added a new service with full focus on developing and improving the ease of use of our products. If, despite our preventive work, an accident should still occur in the field, it will be investigated. We go to the bottom of what has happened, what caused the accident and what measures may need to be taken to avoid similar accidents happening again.

To systematically manage the work environment involves paying attention to and taking into account all conditions in the work environment that may affect the health and safety of the employees. At Väderstad AB, the TIA system support is used to record and manage risk observations, incidents and accidents. In this system, root cause analyses are carried out, measures are registered and follow-up is carried out as to whether the measures have had the intended effect. The system also registers risk assessments and safety rounds in order to be able to work systematically with any measures. Work is underway to implement this system support for the entire Väderstad Group. The number of accidents with absences is followed up monthly by the management team.

During the past year within Väderstad Group, we have initiated Väderstad's Health & Safety Collaboration team, a collaboration forum for the area of health and safety with representatives from Väderstad's production units in Sweden, Canada and the USA. This platform gives us the opportunity to exchange information and experiences, develop best practice within the Group and work as a team.

We have established a global Health and Safety KPI, which is measured and followed up for the entire Väderstad Group, Lost Time Accident rate (LTAR). This indicator is based on a group-wide definition and measures the number of accidents with absences, related to the working hours of 100 full-time employees in a calendar year. We always aim for our



Väderstad is a family business where relationships and care towards each other is a core part of the corporate culture



Zero Vision, that no work-related accidents should occur at Väderstad. For the next financial year, we aim to reduce our LTAr by 30%, compared to this year's result.

At VAB, we have carried out training in safety culture, aimed at all staff in Väderstad. The ongoing pandemic has of course affected how many of the staff have been able to attend the training, but we can hopefully increase the pace in the coming financial year. Safety culture is the common attitudes, values and perceptions that managers and employees have about their relationship to safety and work environment. The aim of the training is to further strengthen our safety culture and thereby improve our chances to create a healthy, safe and pleasant workplace.

At VAB, we have as well systematised how we work in our local Safety Committee, with the aim of developing collaboration on work environment issues between employers and employees. The systematisation has, among other things, meant clarifying who participates in meetings, what issues are raised and how we make decisions.

At VAB, we also continuously carry out work environment training for managers and safety representatives/work environment representatives to ensure that we meet both legal requirements and our internal requirements regarding knowledge of how work environment issues should be handled in the business. As safety and health are our top priorities, it is important that we have a way of working that ensures that those who need it have the necessary skills to push forward work environment issues.

Employer Branding

During the year, we have developed a strategy for Employer Branding with an activation plan to meet identified challenges and remain a competitive employer, both for existing and

potential employees. The strategy focuses on the overall choices that Väderstad should make and the activation plan makes the choices concrete through a number of different internal and external activities.

Investment in leadership development

Good and sustainable leadership is a very important and crucial part of how we will succeed with our growth, our priorities and our goal achievement in the company. We are therefore implementing a leadership development initiative that began during FY21. The purpose is to coach and develop the leadership in achieving good and sustainable performance. The aim is to support our leaders in their mission to create the conditions that enable our teams to create results that help develop Väderstad, equip employees for their career development and be an attractive employer.

A flexible workplace

The pandemic has in many ways continued to be a challenge. At the end of FY21, when the situation stabilised and the opportunity to return to the workplace opened up, we decided to develop a policy around a more flexible way of working. Some tasks can be performed remotely, which allows us to meet our employees' need to better balance work with their private lives.

Väderstad Employee Index – VEI

All our work pays off. We have a consistently high result in our employee surveys and during the year we launched an updated process for how we measure. The purpose is to create better opportunities for our leaders to work with the results in real time and to facilitate this work through ensuring user-friendly system support. We have a global KPI, employee engagement, with the goal being >7.5 out of 10. Our current result in terms of employee engagement in the company is 8.7 out of 10, which is well above industry standard.



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Farming in the future will all be about growing a greater variety of crops in a wider rotation



Elly Durdy

To contribute to sustainable agriculture and a safe working environment for the world's farmers are important parts of Väderstad's long-term sustainability work. In Yorkshire, located in the northeastern part of England, is the family farm N & A Durdy. Elly Durdy works as a lawyer but is also deeply involved in the family's farming.

Her goal is to grow sustainably

Elly Durdy has worked on her father's arable farm in Yorkshire ever since her feet could touch the tractor peddles, but while her career has seen her called to the bar, she has retained a close interest in the family business and help shape it to cope with farming's future challenges.

The farm extends to 2000 acres of sand to red clay soils, supporting a cereal-based rotation of winter barley, spring and winter wheat, plus maize and rye for the local AD plant. The business employs three permanent staff and two temporary workers at harvest.

"I'm the only sibling on my side of the family that is interested in farming really," says Elly. "During sixth form and then university I would always come back for harvest, and after I graduated I worked on the farm full time for three years.

"Farming in the future will all be about growing a greater variety of crops in a wider rotation," she says. Our system is about as tight as it can be now without compromising output or the environment. Achieving this goal is having a flexible establishment system that has sustainability at the top of the agenda".

She is always looking at ways to reduce production costs without compromising output, but at the same time protecting the environment and managing the soil health. She accepts this will cost money but it is an investment worth making for the future.

The three years Elly worked at home she was very involved with a strategic change away from the plough and power harrow cultivation system to a minimum tillage approach. Kit must be reliable, high quality and large. In 2008 a 6m Vaderstad Rapid drill was purchased and since then, the farm is on its third Rapid.

"We look to cover 100ac/day with the drill, which should take 20 days. Just in my lifetime the progress has been amazing and I think the future of UK agriculture looks really promising if we can learn to adjust farming systems that help enhance our soils and protect our environment.

"We have so many land types here that we have always had to look at different cultivation systems because one approach

doesn't fit all," explains Elly. "The Rapid is an extremely versatile drill and it is easy to find genuine replacement parts for it too.

"The Rapid has been designed to fit most farming systems so it offers us maximum flexibility. It is a drill designed by farmers for farmers," says Elly. "The price is high but you have to look beyond that. If you buy cheap you buy twice. We also get very good service from our local dealer at Brigg and by Vaderstad, in particular Nick Tinker".

"The Rapid works very well and I don't think we would ever need to change. It has been an exceptional drill for us on all aspects from build quality to wear and tear combined with exceptional service and back-up."

"We wanted to change the drill last year after its third season, but the price of machinery has gone up so much it didn't make financial sense so we decided to change the disc and coulters," explains Elly.

"I think people forget how hard wearing the Vaderstad parts are, which are made of high quality steel," she says.

"When driving at 14kph the drill is working hard so it is going to need replacement parts. The advantage of having a Vaderstad Rapid drill is that it's possible to nearly build a brand new drill by just replacing the working parts."

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It's a drill designed by farmers for farmers

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It's extremely important to be present and available to take part in discussions, gather ideas and suggestions and constantly gauge the atmosphere



Cathy Sweet

Getting everybody engaged

One of the people working daily on internal relations and promoting a healthy, safe, pleasant workplace is Cathy Sweet, Director Human Resources at Väderstad North America. The past year has been hectic for Cathy, as she has been commuting between Langbank in Canada and the newly acquired facility in Wahpeton, North Dakota. Her focus has been on getting all employees at Wahpeton to become part of the Väderstad Group and the core values in The Väderstad Way.

Cathy is trained in HR and has extensive experience in HR work, in local and global companies, for instance at Starbucks. In 2019 she became Director of Human Resource at Väderstad Industries Inc. (VII). This means that since the acquisition of Wil-Rich in Wahpeton, she has been responsible for the whole of North America HR.

“Since May, when final preparations for the acquisition were made, I’ve alternated between spending one week in Langbank and one week in Wahpeton. It’s been a hectic but exciting time, and I’ve focused on many integrations with regard to management, employees and structure,” she says. The Wahpeton facility has a long history. Many of its employees have experienced a number of buyouts, which has left them feeling worn down. But Cathy feels there is a strong sense of optimism and excitement in the company.

“Long-standing employees and new recruits alike feel that belonging to a larger group brings opportunities for personal growth and development. Of course, there are questions, and people are postponing judgement until the effects and results become clear and concrete. This makes internal communication extremely important, and it’s something we’ve worked – and are still working – intensively on. It’s crucial to be transparent, explain what’s going on and help all our 125 employees in Wahpeton to feel part of something bigger,” she points out.

Both before and after the deal was finalised in May 2021, managers and employees at VII are visiting and spending time at the factory. Along with Jason Strobbe, VP Sales and Marketing North America and Managing Director of VI, Cathy has spent the most time on site working with change management and change communication plans.

“We’ve dedicated a lot of time and energy to listening to all the employees through individual interviews, group meetings and surveys. It’s extremely important to be present and available to take part in discussions, gather ideas and suggestions and constantly gauge the atmosphere. By always being transparent and sharing ideas, thoughts and strategies, we’ve succeeded in engaging the employees and getting them excited in the change,” explains Cathy.

Together we are more sustainable

Sustainability has always been important to Väderstad, but initially it was mainly about making sure that the machines lasted for a long time for the farmers. Today the concept has grown, and we try to make a difference within many different areas of the company, says Cathy.

“For a sustainable future we must all help out, so it feels good to be part of a group where we can learn and be inspired by each other. As we now expand our product portfolio in the US, we have a great opportunity to influence more of our customers to make sustainable and efficient choices, she says.

Sustainable employee engagement reflects Väderstad’s way of working on HR issues, and the colleagues in the group are a great source of inspiration, says Cathy.

“By striving towards a efficient workflow, we can reduce both staff turnover and increase employee effectiveness. This enables us to retain our competence and avoid putting effort into constantly training new employees. We therefore now aim to maintain a production pace at our facilities, with more permanent employees, as it creates greater commitment and higher competence culture at Väderstad.

A company with people for people

Building a company culture where everyone is aware and engaged in sustainability is what Cathy is really passionate about.

“One of the best things about my job is having the opportunity to work with so many people with different perspectives from different countries. I’m constantly learning new things, which helps me grow in my role and become even better at listening and supporting. It’s fantastic to be part of this journey during this exciting phase in Väderstad’s history. And I’m also grateful to be doing this at a company like Väderstad, where customers and employees always take highest priority. We’re building a company with people for people,” she concludes.

Human rights

We support and respect the internationally declared human rights. Väderstad is a global company with customers and employees in a large number of countries.

We actively work to ensure that our employees, partners and customers are treated fairly, equally and with respect. This work promotes the development of both employees and the company as a whole. We have procedures that are applied in case of suspected workplace bullying. The procedures describe how to proceed and how the company should act.

We are not aware of, nor do we have any indications or concerns of, having been exposed to or involved in, or indirectly participated in, any human rights abuses. This applies as far as we can reasonably assess at present. We have however identified a need to develop collaborations with our suppliers, in order to further clarify what requirements Väderstad places on the suppliers we interact with. We will therefore develop a Code of Conduct aimed at our suppliers, which highlights, among other things, human rights.

The equal opportunities plan at VAB is followed up and revised annually by groups consisting of representatives from the company and the trade unions. In connection with our annual salary surveys, we immediately address the few cases of unjustified pay difference that may occur.

Vaderstad Industries Inc. complies with existing legislation regarding a respectful environment and harassment, with the aim of protecting all employees and everyone who in any way cooperates with VII. The company also trains all leaders and provides tools that support employees in our equal treatment work.



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We actively work to ensure that our employees, partners and customers are treated fairly, equally and with respect



Just as good soil is the basis for successful crop production, we need a stable and clear set of values to be a successful company. The Väderstad Way is our core values and the basis of our corporate culture – we live and lead every day based on our values:



8,7

Väderstad ranks highly in terms of employee engagement. The industry standard for manufacturing is 7.6.

150

new employees
in 2021

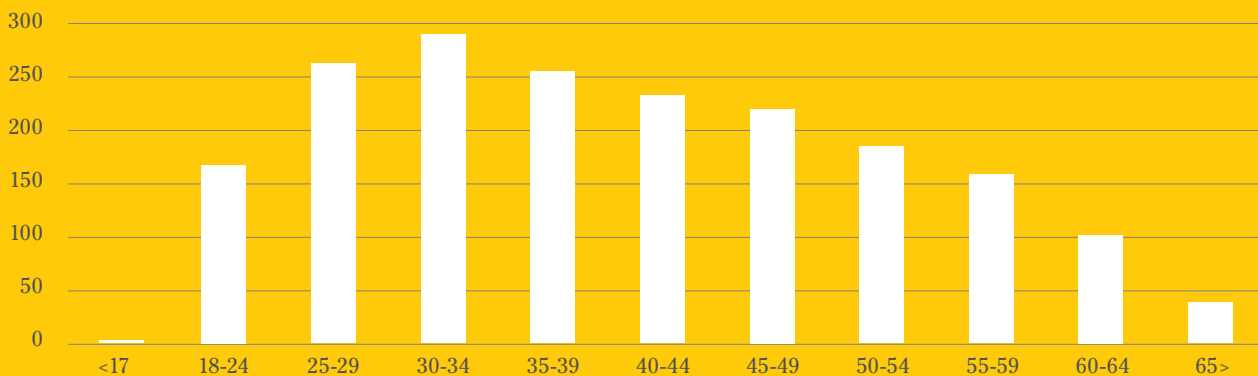
1900

employees within
Väderstad Group

8 years

8 years and 17 days
The average length of employment
of all employees at VAB and VCAB.

Age distribution of employees



Board

Women: **42%**

Men: **58%**



Management team

Women: **36%**

Men: **64%**



Väderstad's Employees

Women: **17%**

Men: **83%**

Product

The area and our goals

Everything we do is designed to last. Making smart machines with a long service life and minimal maintenance is a hallmark of Väderstad. At group level, we work towards our long-term goals of being the best in the industry when it comes to customer complaints, and the most reliable partner when it comes to delivery reliability.

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With agronomy and engineering in close collaboration, we develop highly efficient and sustainable machines and methods for tillage, sowing and precision sowing

We are experts in our field, that is, laying the foundation for a good and sustainable harvest. This is where we constantly challenge ourselves to think differently and find new ways to streamline and respectfully conserve the resources of both the individual farmer and the earth. The foundation of our innovations is simple, it is about maximising every work task and each seed's potential to enable a good harvest. Through this we want to contribute to simplifying the work and improve the results so that the farmers of the world can provide the world's population with food.

Strategy

We know that our machines and wear parts last for a long time, which results in us offering a two-year warranty on our machines. The unique structural composition of our steel, where we obtain a perfect combination of hardness and elasticity, allows us to offer a lifetime guarantee on the parts that do the work in the soil, our wear parts.

Väderstad's business is based on creating the best conditions for the establishment and emergence of a crop. We have always had a strong focus on product development, with the ambition to create groundbreaking innovations for the world's farmers. With agronomy and engineering in close collaboration, we develop highly efficient and sustainable machines and methods for tillage, sowing and precision sowing.

A first-class production environment with carefully selected materials is a prerequisite for delivering the quality that is a hallmark of Väderstad. We place high quality requirements on our suppliers, invest in first-class production and carry out rigorous material and field tests to ensure that the products and materials' properties reach their full potential and can meet the market needs.

What we've done over the year

We have a positive belief in the future and make major investments to optimise our production in all our production units. By being responsible for the production ourselves, we can ensure a first-class production and secure delivery throughout the chain. With smart investments at the right times, we have over the past two years, despite an uncertain

world situation, doubled our production capacity to meet the growing demand for our machines. Further expansions for production, warehouse and office premises are planned for the coming years.

In connection with the development of our strategic sustainability work, we have identified a need to develop collaboration with our suppliers. In addition to quality requirements, we also want to set clearer requirements for our suppliers from a sustainability perspective. We therefore plan to develop a Code of Conduct, aimed at our suppliers, that clarifies the requirements we set from an environmental, social and economic perspective.

At Väderstad Components (VCAB), we have during the same period built our own development laboratory, the Materials Technology Lab, to be able to meet tomorrow's challenges. Here, unique tests are performed in search of the absolute best properties in the materials for our wear parts. The products are used all over the world, which requires wear parts that work in different soil conditions and environments, a variety of parameters are tested to obtain the absolute best material.

There are currently intensive discussions ongoing regarding how the agriculture of the future should be conducted from a sustainability perspective. Examples of issues discussed is the role of agriculture in promoting carbon storage in soil and preventing soil erosion. Väderstad follows and participates in these discussions and wants to meet future needs for sustainable agriculture through new innovations.



Machines and methods that contribute to sustainability

It has been a couple of years since Väderstad's refined product development model (PDM) was launched, and the company's R&D department has since then been honed considerably.

Johan von Mecklenburg, Senior Vice President Research & Development, has led the effort to shift focus from product improvements to product innovations. It has meant some tough decisions, but today Johan and his colleagues can with pride see that the projects are succeeding to an increasing degree.

"The change process has contributed to the fact that we are investing more resources into new concepts and machines today. The amount

of development work has increased significantly; today we have 75 percent forward-looking assignments and we spend about 25 percent of our time on product improvements. Two years ago, it was the opposite," says Johan.

R&D has made a change and the department now spends more time on dedicated preparatory work than before. More employees are involved early in the process and a management organisation has been appointed in

charge of quality assurance and making sure that the work advances. Despite some tough decisions along the way, the change in working methods has contributed to the fact that it is today faster to get a finished product with high quality to the market. Something that is also noticeable in the final product segment, when fewer product improvements need to be done.

"The biggest challenge has been to let go of the old way of thinking and



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The change process has contributed to us today putting more resources into new concepts and machines

acting. But it has been worth it – today we see our teams and projects enjoy an increasing level of success,” says Johan proudly.

Product development for increased sustainability

Sustainability is part of Väderstad’s DNA and vision, and the greatest contribution to a sustainable world is the machines and methods that are being developed. R&D plays a key role here.

“If we can improve the situation for

the world’s farmers, we will contribute to a better earth. We have to be the best at supporting the farmers, and there are infinite possibilities,” says Johan.

R&D’s mission is to rationalize for the end customer, for example through reduced time consumption and energy use. By working cross-functionally and involving more skillsets early in the development process, more ideas on sustainability, ease of use and safety can be included and later implemented in the products. This means that more people are involved in product development and contribute to a more sustainable world. This aspect is also becoming more important from an employer perspective.

“R&D is growing so fast, just like the rest of Väderstad. We have, and will continue to have, a challenge in attracting and retaining skill. This is why our vision and purpose, and of course our contribution to a sustainable future, are becoming increasingly important

as a competitive advantage,” explains Johan.

Sustainability is not only important in work, but also at work.

“Within R&D, we have a strong focus on the working conditions created for each and everyone to perform their work tasks, in everything from workload to available tools” says Johan.

And the employees at the unit certainly seem satisfied. The latest employee survey showed an average satisfaction score of 8.5 out of 10 with a response rate of close to 90 percent. A good foundation for Johan and his team to continue to build on.

We want to be number one

Väderstad's British sales company has been supplying farmers in the UK and Ireland with innovative, high-quality products for almost 30 years. The company is a market leader in several product segments, and our experienced team, which comprises about 20 dedicated employees, is working hard to maintain this position.

"We have a well-established team, of skilled and dedicated people, many of whom have been with the Company for a long time. I have been part of this journey since 2006, and over the years we have established a strong reputation in the industry," says Michael Alsop, Managing Director of Vaderstad UK.

Väderstad's ambition is to be the farmer's best friend, and Michael says that the company's machines, such as the popular Rapid and the best-selling Carrier, are an important part of its product portfolio. But it is at least as important to offer our customers efficient methods, closeness and excellent service.

"We must always pay attention to detail and really respond to each customer's needs. Our aim is to be innovative and lead in everything we do. This year we have focused strongly on developing service, support and quality, for instance by reviewing our distribution network and the ways we support our dealers. This is because we at Väderstad simply want to be number one for our customers and partners," Michael explains.

A year of challenges and opportunities

Michael says that the past financial year has continued to be marked by the pandemic, and Brexit has also brought challenges. At the same time, exciting business opportunities have also arisen.

"The pandemic has meant continued lockdowns, remote working and the use of digital solutions, but we have continuously maintained our physical presence and services in the field. Brexit adds another layer, and its long-term impact on us remains to be seen. But we have already noticed challenges in the supply chain and increased administration, partly because Ireland is still in the EU. We Brits love talking about the weather. In farming, the weather has a strong impact and this year was no exception. After a very dry spring, the summer brought a sufficient amount of rain. This led to significantly better crop yields than last year, with a result close to the 5 year average," says Michael.

Pilot market for new warranty concept

During the year, Väderstad UK launched two schemes that will contribute to a long-term, more sustainable product ownership experience. One scheme regards a 3-year warranty and the other regards the purchase of machines that have been serviced, checked and approved (Approved Used). A 2-year warranty is normally provided with a new machine purchase. Now customers will have the opportunity to add a further three years with annual service and support.

"We are the pilot market for these schemes, and our experiences will provide valuable input for launching similar initiatives in other markets. Our machines are of high quality and have high used value, so these schemes support our brand values and have been received well by the market. The schemes will also help us harness the resources of our dealer network. Above all, they will create greater engagement and enhance our customer relationships," Michael says.

Väderstad UK has also strengthened its team with the newly created position of After Sales Business Manager. The position has aptly been filled by Keith Jones, previously Parts Manager, who has many years of experience and a huge passion for spare parts. He will regularly meet with dealers to focus on new initiatives and solutions.

Doing our bit

As a sales company, the company's climate footprint is relatively small. All machines sold by Väderstad UK are delivered directly to its dealers. But Michael believes it is important for everyone to do their bit for sustainability.

"Over the past year we have refurbished our premises at Grantham to improve practicality, safety and working environment. Among other things, we have installed low-energy lighting and invested in new video conferencing equipment and ergonomic workstations," he says.



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We must always pay attention to detail and really respond to each customer's need

Michael Alsop

Vaderstad Ltd was established in 1992 as the company's first foreign subsidiary, and is based in Grantham, Lincolnshire, a central UK location.





Michael Alsop

Around 70 percent of the land area in the UK and Ireland is used for farming. There is no typical type of UK farm. The farms vary in size, but as in many other countries, they are becoming fewer and larger. Maize has recently grown in popularity, both as feed and as an energy crop. This has led to an increase in demand for Tempo (Precision seed drill).

Sustainability is high on the agenda in the UK, as elsewhere. Farming has gained a wider platform and a clearer place in people's consciousness, for example through the TV programme "Clarkson's Farm" featuring presenter Jeremy Clarkson.



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We Brits love talking about the weather. In farming, the weather has a strong impact and this year was no exception

Economy

A stable economy – a prerequisite for the sustainability work

Profit for the year

The financial year of 2021 has been very positive with sharply increased sales and a good result. Sales have increased with 24 percent compared to the previous year, from 340 MEUR to 420 MEUR. Activities in several areas, for instance product care and production efficiency, have had a positive effect. In addition, other favourable factors such as currency hedging, more normal steel prices in the first part of the year, and lower costs for travel and trade fairs due to the pandemic have contributed. All in all, it gives a result for the Group before tax on 40 MEUR and a profit after tax of 32 MEUR. All our departments have seen a positive result during the year, which has enabled continued expansion and continued investments. Altogether, this means that we contribute to a positive and sustainable societal development by, among other things, being able to continue to invest in development and contribute by hiring staff and paying taxes.

Good finances are the foundation of a good sustainability work

We are on a growth journey. We've come a long way from our first tine harrow to the highly efficient machines and methods we offer today, and this is just the beginning. In a high-tech world with a focus on performance and sustainability, we continue to develop the business through smart investments that contribute to the long-term management of both natural capital and social capital.

Good economic development is a prerequisite for being able to develop safe products for our farmers and offer a safe and inspiring work environment for our employees. It is also a prerequisite for being able to invest in new green technologies and be involved in driving the development of tomorrow's sustainable agricultural machinery.

Money is useful when it is used for something good. We strive for long-term sustainability – in everything from material choices and environmental impact to how we take care of our customers and employees.

To be sustainable we must be profitable

Henrik Gilstring grew up with Väderstad. He belongs to the third generation of the owner family, holds a master's degree in business administration from the Stockholm School of Economics, and has worked in the company in various roles in finance, business development and strategy for the past ten years. He has for the past three years, been Vice President of Business Development and a member of group management. In February, Henrik will take over as President and CEO of Väderstad Group – a position he looks forward to and has great respect for.

“My grandfather Rune Stark said, ‘You need to earn money a little faster than you spend it.’ While this may sound like a simplification, there is a lot in that quote. Our ambition is global and our goal is to grow by 10 percent per year on average, we cannot do that without being profitable. All investments in everything from sustainability, technology development and new market establishments, to acquiring new companies require financial muscle and the company needs to generate this in the shape of profitability,” says Henrik.

For Henrik, it has always been obvious that he would become involved in the company in which he more or less grew up. Exactly in what way and in what role, however, has not always been as clear. After studying at the Stockholm School of Economics, he worked for a few years as a consultant, but soon decided to move back to Östergötland.

“It’s a decision I never regretted. It is here at Väderstad that I have my passion and commitment - for the business as well as for the colleagues and not least for the customers. There are not many companies in Sweden that can match the international growth journey we have made and continue to make,” he says. A testament to the success is the award the family were given during the past year when they received the Albert Bonnier ‘Entrepreneur of the Year’ award.

“Of course it’s an honour to get that kind of attention. This increases awareness of us and the company, which in turn makes it easier to attract new talent. Although the award is given to us as an owner family, our success depends entirely on the expertise that exists in our operational management and in all parts of our business,” he says.

With a record turnover of 420 MEUR and a result of 40 MEUR, 2021 has been a very successful year for Väderstad from an economic perspective. According to Henrik, this is due to several factors.

“The year has been characterised by a strong market with

high grain prices, which has increased farmers’ willingness to invest. But it is also due to the internal journey we have made in recent years where we have managed to stabilise and streamline our internal processes, which is now shown in the profit levels. It is of course, also about having products that our customers demand and that we are close to and support them, because ultimately it is for our customers that we exist,” he explains.

A decision that has emerged

In such a large family business as Väderstad, there needs to be a long-term sustainable plan around management. As early as in the autumn of 2020, it was clear that Henrik would take over as CEO in February 2022. A decision that, according to Henrik, has emerged gradually.

“I was recruited to the management team by Mats Båverud almost four years ago. Even then, Mats, in consultation with the board and family, began planning for who would take over when he would eventually retire. Jointly, it was concluded that with my background, my experience and as a family member, I was a suitable candidate. “I have great respect for the role and considered the offer very carefully and discussed with my wife what it would mean before accepting,” he said.

Sustainable, efficient and profitable agriculture

Business and business development are Henrik’s main driving forces; it is above all about being involved in developing the agriculture in the world.

“It is very inspiring that our innovations from Väderstad have such a big impact. We are involved in developing agriculture in the right direction, both towards sustainability and higher efficiency. We will continue to do so and I am convinced that the machines and methods that will make agriculture more sustainable in the future will as well make it more efficient and profitable,” he says.

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It is the growth and profit that enable us to continue to drive innovations for a sustainable and efficient agriculture



Henrik Gilstring

The strong growth and good profitability of recent years mean that Väderstad has never been bigger and stronger than right now, which creates the conditions for economic sustainability.

“We have an ambition to continue to grow by about ten percent per year. It is the growth and profit that enable us to continue to drive innovations for a sustainable and efficient agriculture. We have never had better conditions than now with the new acquisition in the US, a market with great potential where we are still quite small,” says Henrik..

At the same time, he is humble about the future and aware that things can change quickly.

“The business cycle is strong right now, but that can change quickly. Far from everything is about growth, you need to look at the bigger picture and create a balance. This is a journey we’re making together, where all markets, products and all employees are equally important. Our strength has always been long-term continuity and perseverance – we will stick to that,” he concludes.

Anti-corruption

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

We have brought our guidelines and working methods together in this area in a Code of Conduct applicable to everyone in Väderstad Group. The Code of Conduct will ensure we have an overview of this area and are better equipped to educate our staff as well as follow up on and correct any deviations occurring. In the coming year we will work on further ensuring that everyone within Väderstad Group understand, follow and comply with the guidelines and working methods we have in our Code of Conduct.

We are not aware of and do not have any indications or concerns that we have experienced or been involved in, or been indirectly involved in, bribery or similar in our business. This applies as far as we can at present reasonably assess.

Risks and risk management

Risks, and how we manage these risks, are reviewed at least once a year by the board. This is a fixed point in the Board's rules of procedure. In addition, risks are managed continuously within our operations, from the group management level and into the organisation. There is work ongoing between parts of the Board of Directors, and parts of group management, to further strengthen our risk management. Among other things, we see an increasing risk in the field of IT technology, with everything from cyber security and intrusion, to the increasing digitalisation of our machines and our operations.

The ongoing Corona pandemic has so far had a relatively small impact on Väderstad's operations. We have a working group, which during the year held regular meetings and provided the

organisation with directives. This working group consists of people who represent all functions within Väderstad. The main risks identified were having a large disease outbreak within the company and our suppliers for various reasons not being able to deliver raw materials for our production. We have taken measures to minimise the spread of infection and we have increased our inventory levels and identified alternative purchasing channels. Price increases on everything from steel to energy also have a negative impact on us through lower margins. This is usually a normal business risk, but the current situation on the world market is largely due to the pandemic which means that we see a risk of a negative margin impact in the coming financial year.

Väderstad has a large market share in the EU. This means that we consider the political risk to be considerable, because agriculture in the EU is highly politicised. Areas of risk include new directives under the Common Agriculture Policy (CAP) and the use of the pesticide Glyphosate. These can have a major impact on our business and give rise to both risks and new business opportunities. In our innovations, we take into account the risks and opportunities, for instance by developing machines for ultra-shallow cultivation. This also leads to a reduction in carbon dioxide emissions.

Other major risks include the prices of products produced by agriculture, especially cereals, since these affect our customers' profitability and willingness to invest. In our concept, we have therefore developed modular machines, where certain parts can be purchased as an extra for those who wish to do so. The relatively high cereal prices tend to benefit our sales, as our customers therefore often have better profitability and a stronger belief in the future and an increasing willingness to invest.

Of course the global climate issue and future food supply also affects us. We can already today see the consequences of climate change, with extreme weather and shifts in climate zones affecting agriculture and our customers. These are changes we need to adapt to and stay one step ahead of in the development of machines and methods that make it easier for farmers.





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