



# THE TORO COMPANY

Corporate Sustainability Report  
Fiscal 2019



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Richard M. Olson, Chairman and CEO

## LETTER FROM OUR CHAIRMAN AND CEO

The publication of our first Sustainability Report is an important moment in the history of The Toro Company because it marks a significant milestone in our sustainability journey. This report is both a celebration of our long-standing focus on social and environmental responsibility and a signal of our continued commitment to expand our positive impact around the world, which is inherent in our legacy of excellence.

Sustainability is not a new concept for The Toro Company. It is deeply rooted in our purpose - to help our customers enrich the beauty, productivity and sustainability of the land. Sustainability directly ties to our mission to deliver superior innovation and to deliver superior customer care. It is also the foundation of our strategic business priorities of accelerating profitable growth, driving productivity and operational excellence and empowering people.

"Sustainability is not a new concept for The Toro Company. It is deeply rooted in our purpose - to help our customers enrich the beauty, productivity and sustainability of the land."

Consistent with our strategy for accelerating profitable growth, we continued to invest in innovation and new product development in fiscal 2019. Alternative power, smart-connected products and autonomous technologies are important areas of focus for us. For example, our Reelmaster® 5010-H and Greensmaster® eTriFlex™ hybrid mowers provide fuel savings over comparable mowers, plus they reduce noise levels and operating costs for our customers. In addition, the new e-Dingo, launched this year, is designed to provide customers with the ability to work indoors with zero emissions and lower noise pollution. We also recently established a new technology acceleration center, which is designed to support our development of smart-connected technologies.

**"THERE IS MUCH WE HAVE DONE,  
AND THERE IS MORE WE CAN,  
AND WILL, DO."**

*- Richard M. Olson*

Fiscal 2019 was an exciting year of growth for us. The acquisition of The Charles Machine Works, Inc., CMW, was the largest in our history, adding more than 2,000 employees and the largest manufacturing plant in our global footprint. The addition of CMW and its well-known family of businesses, like Ditch Witch and others, expands our company in adjacent categories. These markets create new opportunities to support the needs of a growing population - like the installation of 5G networks to enable next generation smart networks - and provide new solutions to address the aging global underground infrastructure.

In addition, we are driving productivity and operational excellence in our manufacturing operations. For instance, we continued to focus on Lean and productivity initiatives. We also are investing in manufacturing automation, robotics and capacity needs and tools to assist with our resource use and management.

Our people are our most important asset. As our company grows, our commitment to empowering people and fostering diversity, equity and inclusion remains steadfast. It starts with ensuring that our employees feel a genuine sense of belonging and remain healthy and safe every day, no matter where they perform their work. We continue to enhance and expand our efforts to educate, train and prepare our employees to stay safe in the workplace. Empowering people extends beyond our own four walls. Giving back to the community has long been a part of our culture. We are committed to sharing



our success through financial support, volunteer hours and in-kind product donations. Around the world, our employees actively volunteer their time and talents to nonprofit organizations and civic projects that support the beautification and preservation of outdoor environments, water conservation, community health and housing and youth enrichment activities, just to name a few.

Our Land. Water. Thrive. initiative is something that is unique to The Toro Company. As part of this effort, we provide immersion experiences for our employees to work with smallholder farmers in developing countries to improve their productivity and provide education on the efficient use of water in sustainable agriculture. We also are helping our communities enrich the beauty of the land for the health, well-being and enjoyment of everyone with a focus on revitalizing parks and green spaces.

Sustainability has long been a part of our purpose and culture. We will build on this foundation with focus, innovation and transparency to meet the demands of the rapidly changing world. There is much we have done, and there is more we can, and will, do. We are resolved to continue our unwavering commitment to lead with integrity and win in the right way. This means growing our business while reducing our own environmental footprint and providing solutions to help our customers reduce their environmental impact as well. It also means continuing to leverage our time and talents to help our communities around the globe. You can count on us to deliver results, financially, socially and environmentally, because at The Toro Company, sustainability endures.

**Thank you,**

**Richard M. Olson**  
*Chairman and Chief Executive Officer*

# ABOUT THE TORO COMPANY

Established in 1914, The Toro Company was built on a tradition of innovating and manufacturing quality products and establishing caring relationships. Our purpose is to help our customers enrich the beauty, productivity and sustainability of the land. We do this by delivering superior innovation and superior customer care.

## SUSTAINABILITY ENDURES

The Toro Company, TTC, has a long-standing focus on environmental and social responsibility, including protecting the natural environment and using the Earth's resources wisely. We believe these practices and guiding principles rest at the core of creating long-term value for all our stakeholders, including the global communities in which we live and work. We can be counted on to deliver results, financially, socially and environmentally, because at The Toro Company sustainability endures.

**OUR PURPOSE:** To help our customers enrich the beauty, productivity and sustainability of the land.

**OUR VISION:** To be the most trusted leader in solutions for the outdoor environment. Every day. Everywhere.

**OUR MISSION:** To deliver superior innovation and to deliver superior customer care.

## OUR CUSTOMERS

TTC is a leading worldwide provider of innovative solutions for the outdoor environment, including:

- **Golf:** Turf maintenance equipment and irrigation technologies for the global golf market
- **Professional Contractor:** Landscape maintenance, snow removal, irrigation and lighting solutions
- **Underground Construction:** Solutions to cover the full life cycle of underground pipe and cable – including the installation and repair of new and aging infrastructure
- **Rental & Specialty Construction:** Easy-to-operate, durable rental machines for construction, tree care and lawn care and maintenance
- **Sports Fields & Grounds:** Field maintenance and irrigation solutions to keep sports fields healthy and safe
- **Agriculture:** Irrigation solutions and technologies that help increase the productivity of existing land and maximize the efficient use of precious water resources
- **Homeowner:** Turf and landscape maintenance brands for homeowners to take charge of the outdoors year-round

## OUR BRANDS

Through a strong network of professional distributors, dealers, rental stores and retailers in more than 125 countries, we proudly offer a wide range of products across a family of global brands.



WE CAN BE COUNTED ON  
TO DELIVER RESULTS, FINANCIALLY,  
SOCIALY AND ENVIRONMENTALLY.

**\$3.138B**  
NET SALES  
IN 2019

More than  
**9,300**  
Employees Worldwide

Products sold in  
**125+**  
Countries Worldwide

**↑ 19.8%**  
2019 Net Sales Increase vs 2018



2019 Net Sales by Geography



2019 Net Sales by Product



2019 Net Sales by Segment

**\$109.1M\***  
2019 R&E Investment  
\*3.5% of Net Sales

**↑ 30.7%**  
Increase in  
R&E Investment in  
2019 vs 2018

**34%**  
New Products\* as  
Percentage of Net Sales  
\*Introduced Over Prior 3 Years





## OUR STRATEGY AND APPROACH

The Toro Company has a long and proud history of putting people first – helping our customers tackle tough challenges, and promoting the health, safety and well-being of our employees. We also have a proven commitment and legacy of giving back to the communities where we live and work.

### OUR COMMITMENT

For many decades, we have been working to reduce environmental impacts and maximize resource efficiency and productivity in our own operations and in the products and services we deliver to our customers. This commitment is rooted in both an authentic desire to help protect the planet and in a pragmatic belief that doing more with less is simply smart business.

In fiscal 2019, we were excited to bring all of that history and groundwork together by formally establishing a cross-functional sustainability leadership team. The Toro Company's Sustainability Committee was chartered with developing and implementing an enterprise-wide sustainability strategy and identifying programs to drive that strategy forward by being more deliberate, intentional and transparent with our sustainability-focused activities. This Committee is comprised of key company leaders, with direct and active oversight from our executive team. The Chair of our Sustainability Committee also provides periodic updates on the progress and goals of our sustainability initiative to our Board of Directors.

Over the past year, the Sustainability Committee has worked to aggregate and unify the current state of sustainability-focused activities across our businesses and diverse operations. The Committee has also assessed key opportunities and risks, benchmarking with sustainability leaders at other organizations and deepening our understanding of the disclosure and rating systems governing how companies are evaluated for environmental, social and governance performance.

### EXPANDING OUR EFFORTS

Our efforts have reinforced our belief that increasing our focus on sustainability will also help drive our core business priorities of accelerating profitable growth, driving productivity and operational excellence and empowering people.

The Toro Company is not at the beginning of its sustainability journey, but we took important steps in fiscal 2019 to strengthen our strategic focus, expand and accelerate our key priorities to have a positive impact in our communities and world, and to disclose the good work we have done and will continue to do. The publication of this Sustainability Report, paired with the formal launch of our sustainability platform, signal that increased commitment to have an even bigger impact going forward. There is more we can do and we are actively engaged in further making a positive impact financially, socially and environmentally.

Increasing our focus on sustainability will also help drive our core business priorities of accelerating profitable growth, driving productivity and operational excellence and empowering people.

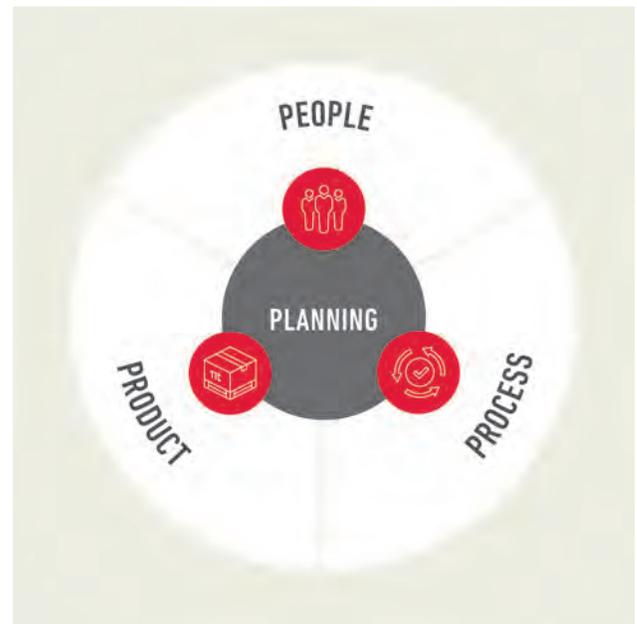
DOING MORE  
WITH LESS IS SIMPLY  
SMART BUSINESS.



## OUR STRATEGIC PILLARS

Ultimately, three working teams with representatives from across our businesses, functions and locations were formed to gather an inventory of our existing sustainability-focused activities and to further develop and deepen our sustainability strategies in our key areas of focus, which we call Pillars. Our core pillars include: (1) People; (2) Product; and (3) Process.

Our People, Product and Process Pillar teams have worked to further understand our current state in areas within their relevant scope, identify data needs to increase visibility into our underlying sustainability performance, implement systems to capture that data, establish baseline sustainability measurements and goals as relevant to each Pillar, and develop strategies and programs to drive our future progress for the areas covered by each Pillar. We also have a Planning Pillar, which is tasked with tactically gathering information, helping us be more transparent with our sustainability journey, and helping each of our other Pillars to develop strategies and programs to further embed sustainability as part of our culture.



# PEOPLE

People are the cornerstone of our success at The Toro Company. Grounded in our values, we provide our employees with a workplace founded on integrity where people and performance are valued equally.

## OUR CULTURE

We are committed to nurturing a culture that attracts, retains and grows the best talent globally by connecting an individual's experience of having meaningful work and development opportunities, with achieving our purpose of helping our customers enrich the beauty, productivity and sustainability of the land.

We provide all employees with the opportunity to share their opinions and feedback on our culture through a culture survey that is performed every two years. Results of the culture survey are measured and analyzed to enhance the employee experience, drive change and leverage the overall success of the organization.

## HEALTH AND SAFETY

Our employees' safety is a paramount value for our company, leadership team and Board of Directors. The Toro Company has a longstanding commitment to promoting healthy and safe behaviors and environments. We believe preventing injuries does not happen on its own, we all have to take action to make it happen.

## Promoting Education and Engagement

Safety is a shared responsibility and a shared passion at The Toro Company. We provide mandatory safety trainings each month in our production facilities, focused on empowering our employees with the knowledge and tools they need to make safe choices and to mitigate risks. In addition to monthly safety training, our supervisors complete safety management courses. Employees are encouraged to carve out time in their workday to identify and inform management of potential hazards. This further builds engagement and reinforces to our employees that they have a role to play in ensuring a work environment that is free from hazards. We actively support solutions to eliminate or minimize potential safety risks in our facilities.

Our efforts extend beyond traditional training to include the use of safety scorecards, standardized signage and visual management throughout our facilities. A safety message is featured each day at shift start, and leaders participate in a weekly plant walk focused on identifying opportunities for improvement. Safety best practices are also regularly featured in our employee newsletters and town halls.



## THE TORO COMPANY STRIVES FOR:

- A differentiated employee experience that provides for learning and growth and demonstrates care for our people's physical, emotional, financial and social well-being
- Talent identification and development to enable qualified, mobile and diverse employees and leaders at all levels, who are prepared to take new opportunities
- A diverse and inclusive culture that leverages creativity and innovation
- A culture of safety that is defined by employee understanding that safety is everyone's responsibility
- A positive and proud production employee experience



### Our Management Approach

Our management approach is grounded in our enterprise Safety Policy and internal governance structure, which includes both internal and external auditing and a high degree of senior leadership involvement and oversight. In addition, our Board of Directors receives an update on our health and safety program at least annually.

In fiscal 2019, TTC implemented a comprehensive Environmental, Health and Safety online data management system to help drive engagement and increased transparency for our proactive safety performance. The system improves the speed of our reporting and helps identify key data trends and areas of focus.

We are increasingly focused on behavior-based safety and tracking leading indicators and shifting our approach from loss control to loss prevention. We track and report on the following key performance indicators:

- Employee hazard identification and correction
- Behavior-based safety observations
- Employee training
- Compliance inspections
- Near-miss incidents
- Corrective action completion progress

### Team Structure

We have formal Safety Committees and a safety specialist on staff at all of our finished product assembly facilities. Our broader safety team gathers each year for an annual Safety Summit to network and share learnings and best practices. We also encourage collaboration across teams to drive safety improvements through process design and innovation. Several of our facilities host "Ergo Days" where corporate design and industrial engineers join forces with manufacturing engineers to spend a day building product alongside production associates. Engineers complete ergonomic assessment training prior to their shift and are then tasked with mitigating ergonomic risks in that process.

### Employees are instructed to:

- Never risk their personal safety to perform a job or task
- Never perform a job or task without proper training
- Always wear personal protective equipment
- Use the appropriate tool or equipment for the job





### Safety Data

- Fiscal 2019 Total Recordable Injury Rate: 1.55\*
- Fiscal 2019 Lost Workday Rate: 0.51\*
- Zero fatalities in fiscal 2019
- 21 locations with zero recordable injuries in fiscal 2019
- 100% of workers are covered by an occupational health and safety management system

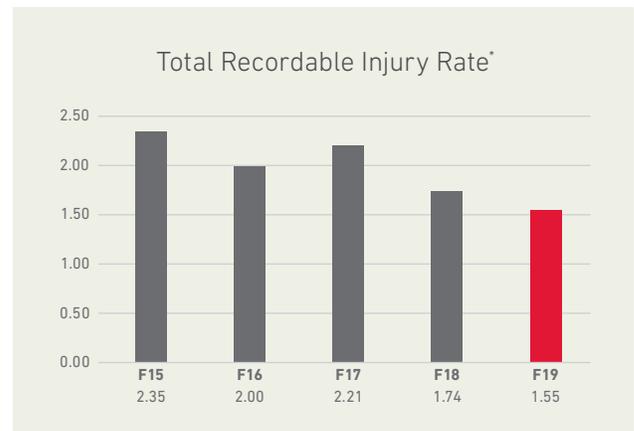
*\* Based on 200,000 hours worked. Data for FY19 reflects legacy data for The Toro Company. It does not include data from the Charles Machine Works acquisition that closed on April 1, 2019.*



### EMPLOYEE HEALTH AND WELLNESS

**TTC uses the following programs to promote employee health and wellness:**

- Stretch and flex programs
- Active release therapy
- Physician call-in service
- Learn to Live: online cognitive behavioral therapy
- Omada Health: support for employees who are pre-diabetic or have pre-hypertension
- Livongo: support for managing diabetes



### TALENT AND DEVELOPMENT

#### Investing in our People

TTC provides a wide range of professional development experiences, both formal and informal, for employees at all stages in their career. Our formal offerings include tuition reimbursement, a diverse curriculum of programming, leadership development experiences, vocational training and external partnerships across the globe. We are also committed to supporting youth education through STEM education sponsorships and high school and college internships.





### Leadership in Motion

We believe strong leaders have a positive impact beyond the walls of their organization. One of our unique leadership development programs is Leadership in Motion, a program that combines skill building with an opportunity to put skills into practice. Participants then put skills towards business impact by completing an action learning assignment to address real market challenges for The Toro Company.

“[Leadership in Motion] reaffirmed my passion for Toro, the company’s commitment to the community and the talented people I work with. It also made me feel that I am a valued contributor to the company.”

- Employee Participant



### FLEX

Our Front-Line Leadership Excellence program focuses on building the leadership capabilities of our manufacturing supervisors globally, those with direct oversight of the people building our products. The program is focused on helping them work through obstacles and communications challenges, in order to enable the success of their team.

“Communication and understanding what motivates us are key factors to determine how best to support and empower our team for success.”

- Employee Participant

## DEEPENING OUR COMMITMENT TO DIVERSITY, EQUITY AND INCLUSION

### Q&A with Amy E. Dahl

Vice President, Human Resources, Distributor Development, General Counsel and Corporate Secretary

#### Q: What does diversity, equity and inclusion, DEI, mean to The Toro Company?

Our best performance comes when our teams are diverse. It is these differences that enrich our culture and are the sparks for innovation that help fuel our growth. Ultimately, multiple forms of diversity in our teams, skills and talents allow us to generate better solutions for our company and customers.

#### Q: What was new and different about how TTC approached DEI in fiscal 2019?

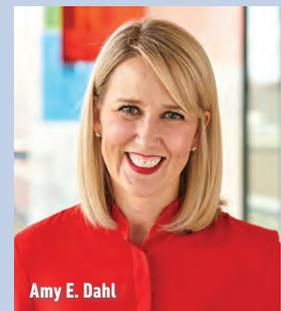
Reflected in our core values, it is important to respect what makes each of us unique, so that all employees have the freedom to be their best selves at work and feel a genuine sense of belonging. Our intentional commitment to diversity, equity and inclusion is key to our mission of superior innovation and superior customer care. To further our progress we have designated DEI as part of the formal responsibilities of

one of our senior leaders in Human Resources. By formalizing responsibility for DEI within TTC, we will bring additional structure, strategy, our legacy values and priority to the good work already happening and extend it even further.

#### Q: What’s next?

We are in the process of building out our strategy roadmap to bring clearer focus and metrics to guide our diversity, equity and inclusion efforts. We are broadening our DEI lens from workforce and workplace practices, to seeking out synergies with supplier management practices and philanthropic giving. We will continue to celebrate our employees in honoring cultural days throughout the year and will seek to form affinity groups to better support employees through their career evolution at TTC. We are excited to engage more employees in this important journey for our company.

For all current and future employees, we seek to create a unique and differentiated work experience that leverages and values the unique differences in all of us!





# COMMUNITY

The heart of our company is our commitment to people. The Toro Company has a strong legacy of giving back to communities, in particular those where our employees live and work.

## OUR LEGACY OF GIVING

Employees of The Toro Company around the world volunteer with local charitable organizations and civic projects including supporting the beautification and preservation of outdoor environments, water conservation, community health and housing and youth enrichment. TTC extends the impact of our employees' efforts through matching gifts and the donation of products and expertise.

The Toro Company provides all full-time salaried employees with the opportunity to volunteer up to 20 hours of their time during the workday each year. Within the U.S., the Dollars for Doers program donates \$300 to qualifying nonprofit organizations where employees volunteer at least 30 hours annually outside their normal work schedule. Our Team Program matches charitable funds raised by teams of six or more U.S. employees to approved organizations, ranging from \$100 to \$1000. Finally, the Individual Heroic Effort

Program supports our domestic employees who participate in a charitable event of three or more days in length with a matching donation of \$100 to \$1000.

### Our signature employee volunteer programs include the following partnerships:

- **Habitat for Humanity:** For more than a decade, our employees have volunteered their time to help build homes for families in need. TTC also donates walk power mowers, yard tools and irrigation products to help Habitat homeowners maintain their properties.
- **United Way:** Each year, our employees donate their time, leadership and dollars through various United Way fundraising events to help make a lasting impact in our communities. In Minnesota, TTC is recognized as a "Million Dollar Partner" for raising more than \$1 million dollars each year through employee and Foundation contributions.



Field Rebuild Donation



BOSS Employees Playground Build



**\$3.1M**  
 DONATED TO  
 THE COMMUNITY  
 IN FISCAL 2019\*

**EMPLOYEES VOLUNTEERED  
 MORE THAN 12,000 HOURS  
 IN THE COMMUNITY  
 IN FISCAL 2019.\*\***

*\* Global data; includes CMW donations.*

*\*\* Global data; does not include CMW employee volunteer hours.*

- **Skills-Based Volunteering:** Employees participate in a diverse range of skills-based volunteering projects helping improve parks, schools, sports fields and other green spaces. Since 2005, TTC employees have proudly teamed up with the Minnesota Twins organization to help rebuild distressed youth baseball and softball fields.

**In-Kind Product Donation**

The Toro Company supports global nonprofit organizations by providing high-quality products to maintain their facilities and reduce operating costs. From donating mowers and other outdoor equipment for workforce training programs, to Workman® utility vehicles for parks and veteran programs, our donations help nonprofits around the world enhance their environments so they can focus on achieving their mission.



Toro Playground Build



Perry Public Schools Product Donation



Habitat for Humanity Build

## ADVANCING OUR INDUSTRY

At The Toro Company, we believe we can make a difference by leveraging the expertise and assets of our company and business partners around the world to advance the interests of the industries and customers we serve. We focus on supporting projects to beautify and preserve outdoor environments, advance water conservation efforts and promote enjoyment through outdoor physical activities.

### Our key focus areas and partnerships include:

#### Environment

- TTC's strategic partnership with the Wyland Foundation aims to raise environmental awareness about the importance of protecting water resources for future generations and preserving the world's oceans, waterways and marine life.
- We are a longtime partner of the Environmental Institute for Golf, the philanthropic arm of the Golf Course Superintendents Association of America, donating more than \$2 million to help support scientific research, education and scholarships for future turfgrass professionals.
- TTC is a premier corporate partner of the Golf Environment Organization, which focuses on advancing sustainability in and through the game of golf.

#### Education

- TTC provides funding to support academic and technical agronomic programs to help further the education of future turf management professionals.
- In partnership with the Irrigation Foundation, the National Association of Landscape Professionals and the Landscape Architecture Foundation, we provide scholarships for future professionals to attend key industry tradeshows and further their career development.
- TTC proudly supports FFA with grant funds for their Supervised Agricultural Experience and recognizes outstanding achievement by sponsoring the Diversified Horticulture Award.

#### Access

- Since 1998, we have donated more than \$1 million in program support, scholarships and equipment donations to The First Tee to support their mission to enhance young peoples' lives through educational programs and ready access to the game of golf.
- TTC partners with Project Evergreen's GreenCare for Troops and SnowCare for Troops programs to provide complimentary lawn and landscape services, and snow and ice removal services for families of currently deployed military personnel.

## LAND. WATER. THRIVE.

Whether in our local communities or in the developing world, we are all important stewards of the water and natural spaces that enrich our lives. At The Toro Company, we work to cultivate, conserve and restore our outdoor environments to ensure healthier, more vibrant and sustainable communities.

Our Land. Water. Thrive. initiative is something that is unique to TTC. As part of this effort, we provide immersion experiences for our employees to work with smallholder farmers in developing countries to improve their productivity and agricultural water practices. In addition to the long-term impact on the smallholder farmer the immersion experience strengthens employees' empathy and customer-focused approach to problem solving. We also are furthering our efforts to help our communities enrich the beauty of the land for the health, well-being and enjoyment of everyone with a focus on revitalizing parks and green spaces.

### Developing Countries

As a leader in water-efficient drip irrigation for the agricultural market, TTC has partnered with government agencies, NGOs and smallholder farmers in Haiti, Nicaragua, Honduras, Mozambique, Guatemala, Uganda, Malawi, Tanzania, Zambia and other developing countries to promote sustainable agricultural practices, improve crop yields and build thriving communities.

"I am hopeful that organizations like...The Toro Company can make a difference in the lives of these smallholder farmers. Farming is what they do on a daily basis, it's what they live for, and it is at the core of who they are as people."

- Employee Participant



Smallholder Farm Irrigation in Mozambique



**Fiscal 2019 Honduras Initiative**

For families in rural Honduras, the land and crops they grow is critical to their survival. Like many other Latin American countries, Honduras has fertile land that the people depend on for agriculture, but crop production is inefficient and the threat of drought is imminent. They grow crops for the sole purpose of feeding their families but lack the resources and infrastructure to optimize their productivity.

In fiscal 2019, as part of our Land. Water. Thrive. philanthropic initiative, we partnered with iDE to work with smallholder farmers in Honduras to better understand their water practices in order to develop drip irrigation and water storage solutions that are affordable, sustainable and that meet the needs of both growers and their communities. We used a human-centered design approach to make recommendations for enhanced agricultural water practices and delivery technologies and systems. The project provided TTC employees with valuable insights about how to better serve farmers in those regions and provided real solutions to positively impact the livelihood of the farmers that were part of the program.

**Greenspace Enhancement**

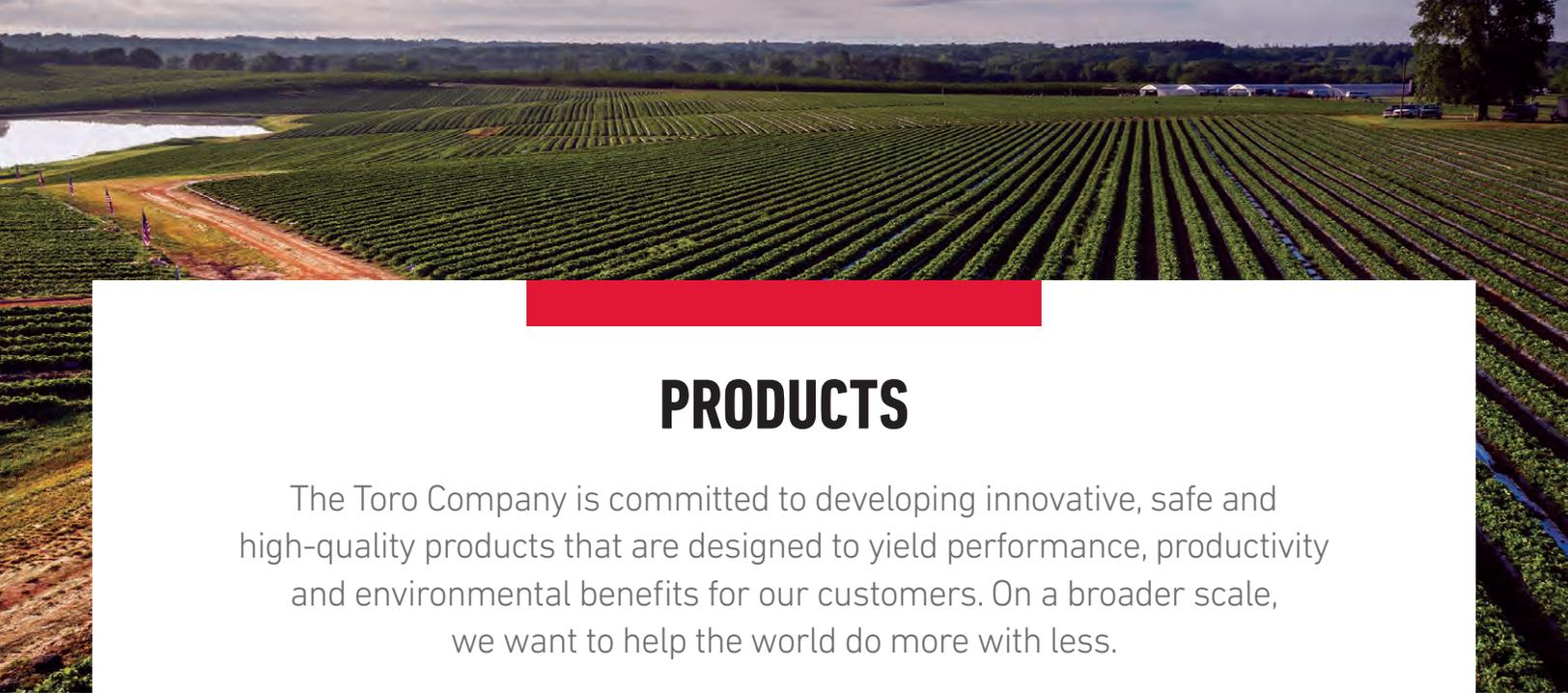
Our Greenspace Enhancement Grant Program supports nonprofits around the world in enhancing landscapes, transforming neglected areas and creating new spaces for public enjoyment. Our goal is to help communities enrich the beauty of the land for the health, well-being and enjoyment of everyone.

We accomplish this goal by engaging our employees' talents and energy in revitalizing parks and green spaces, enriching the outdoor environments of our neighborhoods and schools, educating communities about the importance of the efficient use of water and supporting sustainable agriculture through community gardens.

**Fiscal 2019 Grant Cities Included:**

<b>Abilene, Texas</b>	<i>Abilene Zoological Society</i>	Green space for the new Madagascar Exhibit
<b>El Cajon, California</b>	<i>Urban Corp of San Diego</i>	Transform open and unused space into the North Marshall Pocket Park, a green gathering space
<b>Juarez, Mexico</b>	<i>Colegio de Bachilleres del Estado de Chihuahua Plantell 11</i>	Provide a designated green area for sports and cultural activities
<b>Riverside, California</b>	<i>Greater Riverside Chamber of Commerce</i>	Landscaping associated with the First Housing initiative
	<i>Rivers and Land Conservancy</i>	Enrich a highly utilized trailhead as a part of the Creating Habitat and Beauty for Pollinators and People Project





# PRODUCTS

The Toro Company is committed to developing innovative, safe and high-quality products that are designed to yield performance, productivity and environmental benefits for our customers. On a broader scale, we want to help the world do more with less.

## SOLVING CUSTOMER PROBLEMS

Throughout our history, using innovation to solve customer problems has been a hallmark of our success. As we commonly say, we work on solving problems, not just producing products.

Unique to the industry, our Center for Technology, Research & Innovation focuses on helping our businesses develop products that increase productivity, save water, reduce fuel consumption and improve growing conditions. This group, comprised of leading agronomists and engineers, also lays the foundation for future innovations in robotics, fuel cells, advanced battery technologies and smart technologies.

## LONG-TERM FOCUS ON WATER STEWARDSHIP

Water scarcity and pollution are growing concerns, and among the greatest challenges, for communities around the world. At The Toro Company, we understand the importance of water in producing food and other crops, and in supporting functional recreation areas and landscapes. We strive to innovate industry-leading irrigation solutions that apply water more efficiently to turf, landscapes and agricultural crops.



## WATERSENSE

Both our Toro® and Irritrol® brands have received the U.S. Environmental Protection Agency WaterSense award, as well as the WaterSense certification for numerous irrigation controller families and models.

Importantly, our efforts expand beyond product development to fostering education and industry collaboration in water stewardship. We provide product and financial resources to help nonprofits, schools, consumers and businesses realize the environmental and economic benefits of water efficiency. As just one example, TTC has donated over 350 drip irrigation kits to schools in California and Arizona to help teach children the value of water, agriculture, growing vegetables and produce and healthy diets. We also collaborate with universities, industries and communities to build awareness around proper irrigation strategies for enhancing and protecting ecosystems.

**WE WORK ON  
SOLVING PROBLEMS,  
NOT JUST PRODUCING  
PRODUCTS.**

FlowControl® at Strawberry Hill, USA



## THE WATER ZONE

Sponsored by The Toro Company, The Water Zone weekly radio show brings together local, state, federal and international officials, water experts, civic leaders and technologists to discuss today's water challenges and explore strategies for sustaining one of our world's most precious resources.

This popular radio program has been recognized many times over the last decade for its unique approach to educating industry experts and the public alike. In 2019, the program was honored with an award from the U.S. Environmental Protection Agency for Public Relations & Education. The counties of Riverside, CA, and San Bernardino, CA, also both recognized the program in 2019 for its effective approach to public education.

### Advancing Agricultural Efficiency

The Toro Company is a leader and active member of many organizations supporting efficient irrigation, including the California Ag Irrigation Association, the California Irrigation Institute, the Irrigation Association, the American Society of Agricultural and Biological Engineers and the American Society of Agronomy among others.

For decades, our Blue Stripe® hose and patented Aqua-Traxx® drip tape have been trusted by farmers and nurseries worldwide for helping to increase water use efficiency and crop yields. Blue Stripe and Aqua-Traxx, along with our more recent BlueLine® PC heavy-wall dripline and FlowControl® premium drip tape, greatly improve water use efficiency by evenly applying water slowly and directly to the crop's root zone. As a result, crop yields, quality and resource use efficiency are improved, and environmental degradation and wastewater are minimized.

As pressure changes throughout the irrigation run, standard drip tapes often stress plants and reduce yield and efficiency by over- or under-watering. FlowControl drip tape gives a more uniform irrigation, regardless of elevation changes. In addition, with its patented flexible emitter flowpath, FlowControl is designed to free debris every time the system is shut down, which removes obstructions and unclogs emitters – ultimately reducing labor, improving yield and increasing system longevity.

Just ask the growers at Strawberry Hill, USA. They made the switch to FlowControl a few years ago in an effort to improve production yields, conquer challenging terrain, and elevate their business. Thanks to TTC's FlowControl design, they have been able to irrigate longer runs and uneven terrain, improve uniformity and crop yield, reduce clogging, improve installation efficiency and increase their profitability.



**WE HELP OUR CUSTOMERS  
MAKE SMART DECISIONS ABOUT  
WATER USAGE ACROSS DIVERSE  
INDUSTRIES AND LANDSCAPES.**

Lynx® Central Control System

**Precision Design, Application and Monitoring**

The Toro Company provides a range of products and technology solutions to help our customers make smart decisions about water usage across diverse industries and landscapes, including:

- Toro's PrecisionSense™ technology is designed to measure the variability of key site attributes – including soil moisture, salinity, compaction and plant performance – to help customers improve water and resource efficiency and produce healthy, more uniform turf.
- Toro's patented and award-winning Precision™ Series Spray Nozzles and Precision™ Series Rotating Nozzles easily retrofit to existing irrigation systems. Both nozzle families are designed to apply water slower and more evenly, eliminate runoff and deliver savings in outdoor water use.
- Taking irrigation efficiency to the next level, TTC's comprehensive Lynx® Central Control System combines access to real-time course information, precision control options and convenience through mobile connectivity to better manage turf health and water resources. Expanded capabilities through the new Lynx Smart Hub, Lynx Smart Satellite and Lynx Dash interface are designed to provide even greater functionality and control to help our customers use water as efficiently as possible.
- Toro's Turf Guard® wireless soil monitoring system measures and reports soil moisture, temperature and salinity. Real-time data helps customers make more informed decisions on when and how much to water, ensuring healthier turf without over watering.
- The award-winning, industry first Toro® EVOLUTION® irrigation controller provides an intuitive interface, USB functionality and smart controls that can be accessed anywhere in the world to help reduce water use.



Greensight Drone & PrecisionSense™



Olympic Stadium in Kiev, Ukraine



Turf Guard® Wireless Soil Monitoring System

# OUR ALTERNATIVE POWER OFFERINGS INCLUDE PRODUCTS POWERED BY PROPANE, BIODIESEL AND ADVANCED BATTERIES.



## ENERGY-EFFICIENT TECHNOLOGIES

With a focus on efficiency and reduced total cost of ownership, our alternative power offerings include products powered by propane, biodiesel and advanced batteries – made more efficient by incorporating electronic fuel injection, hybrid and electric technologies. Increasingly, we are also focusing our innovation efforts to enhance our leverage of alternative energy sources.

### Optimizing Power Usage

Our focus on energy efficiency begins with optimizing the amount of energy provided to a machine to fulfill the purpose it serves. For example, TTC's Smart Power® technology automatically adjusts the mower's engine speed for the cutting conditions to maintain optimal power to the blades.

In 2019, The Toro Company launched a new line of products with the Flex-Force Power System® featuring 60V lithium-ion technology. All of the products in the 60V Flex-Force Power System line feature TTC's lithium-ion smart batteries, which are designed to be interchangeable among products in the 60V Flex-Force Power System line. The Flex-Force series of products also reduces noise pollution and product exhaust and evaporative emissions.

### Hybrid Engines

In 2019, Toro introduced the Greensmaster eTriFlex™ hybrid riding greens mower. These EnergySmart® models from our legacy TriFlex™ series of greens mowers carry no hydraulic fluid and are designed for quiet operation through the use of all-electric components for traction, steering, lift and cutting. Additionally, certain models of the eTriFlex™ provide fuel savings and emissions reductions or eliminate the need for a liquid fuel source altogether.

## ELECTRIC-POWERED SPOTLIGHT

### e-Dingo™ 500

Toro introduced the new e-Dingo™ 500 compact utility loader in early 2020. Building on the 20-year history of the Dingo® product line that allows users to productively complete jobs in tight spaces, we evolved the platform by adding lithium-ion batteries to eliminate product exhaust and evaporative emissions. Furthermore, TTC included a patent-pending ECO-mode that allows users to choose power modes to conserve battery life, leveraging the right amount of energy needed for the job. The e-Dingo also provides a low volume of noise – allowing operators to work during the day while mitigating hearing disruption to their surrounding environment. The e-Dingo expands the use of TTC's compact construction product line from the outdoors to the indoors, offering a sustainable approach to indoor demolition or residential/commercial remodeling projects.

The e-Dingo™ offers a sustainable approach to indoor demolition and remodeling projects



## WASTE REDUCTION

The Toro Company is focused on reducing waste and increasing efficiency – for our customers, in our own operations and in partnership with our suppliers. Below are several examples of how that commitment comes to life in our product and service offerings:

### Rental Equipment

TTC provides a wide range of products to customers through rental stores. This allows contractors and consumers to save money and storage space by renting equipment they don't need every day, thereby maximizing the life of the equipment.

### Snow and Ice Removal

BOSS Snowplow QuickCube™ is a revolutionary new approach for ice control that is designed to lower fuel costs, improve response times to job sites and protect the environment around where deicing materials are stored. This technology utilizes weatherproof poly cubes, called hoppers, that are filled with solid deicing materials and then staged at job sites in advance.

### Cured-In-Place Pipe Technology

Designed and distributed by our Hammerhead Trenchless business, the Bluelight LED system is a revolutionary Cured-In-Place Pipe, CIPP, lining system for laterals and small sewer pipes. Repairing pipe and aging infrastructure, rather than replacing it, helps to reduce overall landfill waste and extend the life of previously installed piping networks. This process also helps to ensure that water is not lost on its way to the end user. An estimated 14-18% of treated water never makes it to the tap because of leaky pipes – enough clean water to support 15 million households.\*

While traditional CIPP lining systems use epoxy resins cured with steam, hot water or ambient air, the Bluelight System uses specially formulated resin that cures with energy-efficient LED light, up to 5 times faster than conventional curing methods. The system also minimizes site disruption and maximizes customer efficiency. With its compact footprint, installers can instantly increase productivity and efficiency.



## Product Labeling

In an attempt to simplify and streamline product labeling, we added QR codes to product serial tags. The QR code landing page provides users with the relevant operator manual as well as warranty, compliance and service parts information.

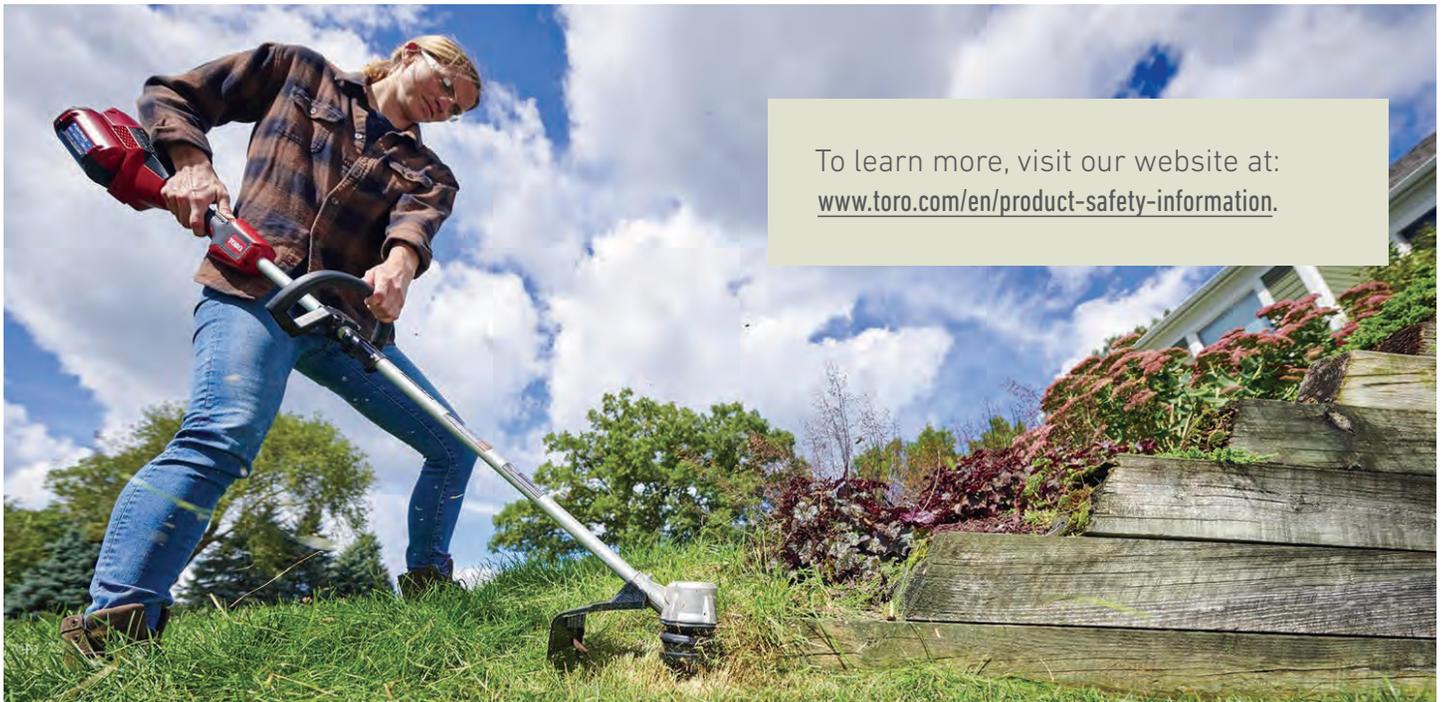
We also replaced printed operator manuals with online "Quick Start Guides" for our residential walk power mowers and snowthrowers. This effort uses visual learning tools to enhance comprehension, reduces overall paper usage and ensures that operators have access to the most up-to-date information.

### Mowing

TTC's proprietary Recycler® cutting system mulches grass clippings into fine particles to return vital nutrients and moisture back to the soil. This process reduces yard waste and helps optimize and reduce fertilizer usage.

\*Source: <https://www.infrastructurereportcard.org/wp-content/uploads/2017/01/Drinking-Water-Final.pdf>





To learn more, visit our website at:  
[www.toro.com/en/product-safety-information](http://www.toro.com/en/product-safety-information).

**Advancements in Sustainable Packaging**

In Australia and New Zealand, we design and market garden products under the Pope® brand name. In 2019, we launched or refreshed many Pope retail garden products and successfully executed significant packaging cost savings measures. Ultimately, our refreshed products received an “advanced” classification in a recent audit of sustainable packaging activities undertaken by the Australian Packaging Covenant, a government body established to drive improvements in environmental sustainability relating to packaging.

**PRODUCT SAFETY**

TTC cares deeply about the wellbeing of its customers and has been recognized in our industry throughout our history for leadership in product safety and labeling. Our most critically important focus is educating customers and consumers about the safe usage and maintenance of our products.

We provide a comprehensive resource library of safety tips, videos, safety data sheets and operating manuals at [www.toro.com/en/product-safety-information](http://www.toro.com/en/product-safety-information). Our operator manuals provide detailed operating instructions, safety guidelines and maintenance schedules.

Our product design and development processes include rigorous protocols for the delivery of innovative product safety features. For decades, we have been instrumental in the development of industry voluntary safety standards, and we comply with all mandatory safety standards set by the U.S. Consumer Product Safety Commission, European Union and other agencies around the world.

Finally, our manufacturing locations have implemented stringent safeguards to remove hazards from products and packaging, thereby reducing our environmental impact. This requires close partnership with our suppliers to similarly reduce toxic materials in our components and parts. We also collaborate with our distributor partners and public agencies to recycle batteries, tires and other materials to limit environmentally harmful waste.



Rental Equipment



Recycler® Consumer Mowing System

# PROCESS

As a leading manufacturer for more than a century, The Toro Company has a proven history of operational excellence, as demonstrated by our unwavering commitment to manufacturing quality products for our customers and continuous improvement in our operations. Our Process pillar reflects both that long-standing commitment and our more intentional and deliberate focus to maximize resource efficiency across our operations.

## WHAT GETS MEASURED GETS MANAGED

We are in the beginning phase of our data collection and measurement efforts with regard to our use of energy and resources in our operations. As an initial step in our measurement efforts, in fiscal 2019, five manufacturing sites implemented a new energy management system which provides real-time access to data with analytics to identify key performance trends and opportunities for operational efficiency, as well as energy and environmental impact reduction. This new program, known as Monitoring, Targeting and Reporting, or MTR, will be expanded to additional sites in fiscal 2020.

MTR will serve as the primary tool for assessing site energy consumption and resource efficiency and providing benchmarking information – all with the goal of increasing operational efficiency at a submetered device level. We expect that as a result of the data collected using MTR, we will obtain actionable data to help us make impactful decisions regarding better and more efficient use of energy and resources in our operations.

In addition to launching MTR, we determined that it was critical to engage with each of our manufacturing sites – worldwide - to ensure we captured a global perspective on our varying operations. As a result, we are in the process of surveying teams at all global manufacturing sites to understand existing activities and future capabilities for water and energy conservation, solid waste reduction and hazardous waste management. We expect to use the data collected in this survey to identify opportunities for enhanced environmental sustainability across our global locations. We are also working with our various sites to establish baseline metrics on certain energy and resource uses with the goal that all sites will be expected to report against a set of environmental metrics we consider impactful on an ongoing basis.

This new effort complements and augments TTC's established focus on Lean Enterprise, a management methodology that is designed to extract waste out of all processes, ultimately preserving natural resources and avoiding unnecessary spending. Where waste still exists, sites are encouraged to reuse and recycle materials wherever possible. For example, we:

- Reuse packaging throughout our manufacturing facilities and in partnership with key suppliers
- Reuse water through innovative water reclamation and treatment systems in select facilities
- Recycle steel, aluminum, plastics, cardboard packaging and paper
- Recover and reuse powder (paint) coating

## Shakopee Energy Conservation

In fiscal 2019, we installed the energy submetering data collection technology at our manufacturing facility in Shakopee, MN. The data showed that air compressors were continuing to operate at full power during periods of limited production. Ultimately, it became clear that air leaks were causing the compressors to operate unnecessarily to maintain pressure. After completing the necessary maintenance to fix the issues, the site saw an immediate reduction in energy costs and improvement in operational efficiency.



World Headquarters in Bloomington, MN

### CLOSING THE LOOP IN OUR SUPPLY CHAIN

The Toro Company participates in an exclusive closed loop recycling partnership in California with Revolution Plastics, a leading recycler and manufacturer of film, bags and tubing for the agricultural sector. Revolution Plastics collects growers' used drip tape, washes it, converts it to pellets and then produces recycled PE resin, which TTC then purchases to use in other drip-irrigation products.

The partnership commenced in April 2019, and TTC started receiving deliveries of recycled resin the following month. As of November 2019, 381,000 pounds of drip tape have been recycled, with a goal of recycling 2.5 million pounds by the end of October 2020. This innovative program is designed to help support growers' sustainable irrigation objectives, reduce landfill plastic waste and serve as a compelling model of a closed-loop production process.

### SUSTAINABLE FACILITIES

In addition to designing sustainable manufacturing processes, TTC is committed to building and maintaining sustainable features at many of its other facilities. As we construct, expand, or renovate our sites, we seek to integrate green building systems and practices to reduce our operational environmental impacts. Nowhere is that commitment more evident than at our world headquarters in Bloomington, MN.

Our headquarters facility features an innovative green roof which helps to reduce stormwater runoff and improve energy efficiency and ambient air quality. Inside the facility, energy efficient LED lighting and motion sensor controls are featured throughout, and many of our carpet selections are manufactured from recycled plastic bottles. In addition, a concerted effort was made to connect our employees with the outdoors through daylighting and easy access to outdoor spaces and natural gardens.



We are an APR Recycling DEMAND CHAMPION



"Thanks to Toro's new recycling service with Revolution Plastics, Toro growers in California now have a reliable and sustainable outlet for their used drip tape."

- Ralf San Jose, Director of Marketing for Toro's Agricultural Business



## ETHICS AND INTEGRITY

At The Toro Company, we take great pride in conducting business as an ethical organization. Ethical and trusting relationships have been a core part of who we are for more than a century. Our commitment is about more than legal compliance, it's about upholding high ethical standards and principles. We are committed to winning in the right way and strive to foster a culture where people want to do the right thing.

### OUR CODE OF CONDUCT

The Toro Company's Code of Conduct is the cornerstone of our ethics and compliance program and is the foundation upon which we will continue to build our legacy as an ethical organization. Our Code of Conduct serves as a guidepost of who we want to be as a company and how we want our employees to behave - it provides the framework for ethical decision-making. Every employee plays a critical role in safeguarding and maintaining our reputation and is responsible for proper conduct every day, with every business decision and action. Our commitment to conducting business in an ethical manner results in The Toro Company being a trusted partner to all of our stakeholders – employees, customers, suppliers, shareholders, communities and others.

Our commitment to ethical conduct is further evidenced through concerted and innovative methods to educate and engage our employees in how to apply the key principles of our Code, including through robust, interactive training, communications, videos and even humor, when appropriate, to help ensure that our ethical principles resonate across our enterprise. In addition, we provide training to our global employee population, including management, on the importance of complying with anti-bribery and anti-corruption laws. Our Board of Directors annually receives a report from management on our Code of Conduct and Ethics program.

Employees are also encouraged to trust their instincts and immediately report any concerns in good faith without fear of retaliation. As such, employees can report concerns anonymously, if they so choose. To facilitate reporting and/or inquiries on our Code of Conduct, we offer a global employee helpline with translation in 8 languages. Our management is committed to responding to concerns or ideas submitted through our helpline. As just one example, after receiving a comment from an employee through our helpline, we eliminated the use of Styrofoam in our headquarters' cafeteria and switched to using compostable containers.





100%

OF PRODUCTION  
FACILITIES COMPLETED  
CODE OF CONDUCT &  
ETHICS TRAINING  
IN FY2019\*

WE BELIEVE IN  
WINNING IN THE  
RIGHT WAY.

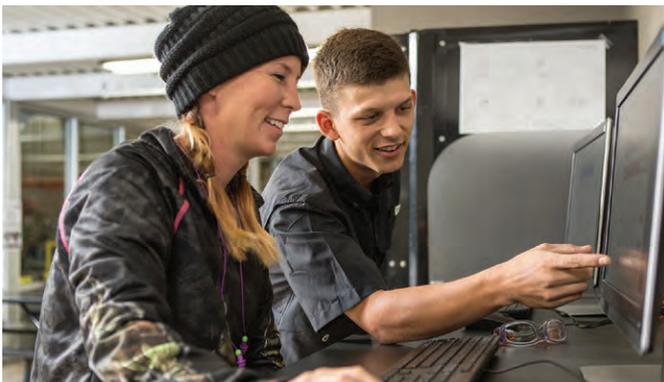
*\* Including anti-bribery and anti-corruption training; and over 99% of our office employee population completed code of conduct, ethics, anti-bribery and anti-corruption training in FY19.*

### WINNING IN THE RIGHT WAY

TTC's success is founded on a long history of caring relationships based on trust and integrity. These relationships are the foundation on which we build market leadership with the best in innovative products and solutions to make outdoor environments beautiful. We are all entrusted to carry on this legacy of excellence.

The Toro Company's Code of Conduct can be viewed online at: [www.thetorocompany.com/ethics](http://www.thetorocompany.com/ethics).

We offer a global employee helpline with translation in 8 languages.





## AWARDS AND RECOGNITION

### Recognition for our Water Leadership

In 2019, the U.S. Environmental Protection Agency recognized The Toro Company with a WaterSense® Excellence Award for outstanding efforts to defeat water waste and promote WaterSense. The Toro Company was honored for its leadership in improving water efficiency through education and product development, in addition to the launch of the Land. Water. Thrive. global philanthropic initiative.

Since 2006, The Toro Company and more than 2,000 other WaterSense partners have helped consumers save more than 3.4 trillion gallons of water – enough water to supply all U.S. households for four months. WaterSense-labeled products and homes have also helped reduce the amount of energy needed to heat, pump and treat water by 462.5 billion kilowatt hours – enough to power more than 44.4 million U.S. homes for a year and save \$84.2 billion in water and energy bills. To learn more, visit [www.epa.gov/watersense](http://www.epa.gov/watersense).

### Toro Urban Park Innovation Award

Established in 2017, the Toro Urban Park Innovation Award recognizes innovation in park management and practices. The 2019 award honored the La Lomita Park project, a unique collaboration between Denver's Parks and Recreation and Public Works agencies. La Lomita is a pilot effort for Denver's new Green Infrastructure Implementation Strategy, which highlights opportunities to implement green infrastructure in Denver parks. The funds from the award will transform the park into a learning lab by supporting interpretive signage and environmental education.

### 2019 Employee Award Winners

Each year, The Toro Company honors employees or teams for outstanding achievements and pride in excellence. The Circle of Excellence award was created to recognize employees whose performance, dedication and contribution go beyond The Toro Company's standard of performance. Employees who obtain new patents on behalf of the company are recognized at our annual Patent Awards. In addition, employees who demonstrate exceptional commitment to volunteerism are recognized by our annual Everyday Hero and Hands of Hope awards.

"Sustaining our natural resources is a key focus in the work we do and the products we bring to market," says John McPhee, general manager, Toro Irrigation and Lighting Businesses. "We are proud to partner with the EPA to take measurable action to conserve our water resources."



### Wyland National Mayor's Challenge for Water Conservation

In partnership with the Wyland Foundation, The Toro Company co-sponsors the Wyland National Mayor's Challenge for Water Conservation. In April 2019, residents from thousands of U.S. cities took part in the Challenge, which promotes drought resiliency and water quality. Mayors from 35 states vied to see which city could be the nation's most "water wise." Ultimately, residents made 618,144 pledges to change behaviors ranging from fixing home leaks to reducing water pollution. To learn more, visit [www.mywaterpledge.com](http://www.mywaterpledge.com) and [www.wylandfoundation.org](http://www.wylandfoundation.org).

#### The Mayor's Challenge for Water Conservation is designed to:

- Increase awareness on the importance of water conservation
- Improve water efficiency and promote drought resiliency
- Further improvements in infrastructure and reduce operating costs for cities
- Protect watersheds and ecosystems



2019 Circle of Excellence



2019 Patent Awards



EPA WaterSense 2019 Excellence Award



2019 Everyday Hero Award



Toro Urban Park Innovation Award



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