



ENVIRONMENTAL, SOCIAL & GOVERNANCE

FISCAL 2020 REPORT





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Dear Kennametal Stakeholders,

I am pleased to share with you Kennametal's inaugural Environmental, Social and Governance (ESG) Report. While we have been addressing the items in this report for many years, this is the first time we have compiled a comprehensive summary that outlines our progress and opportunities in this area.



Over the past several years, we have made significant headway in the areas of environmental performance and energy-reduction based on our simplification/modernization program and Protecting Our Planet (POP) initiative. In addition, we have remained focused on the health and safety of our employees as well as strong corporate governance for the enterprise.

Specific to fiscal 2020, some highlights of our ESG work include the following:

- Implementing extensive safety protocols to protect the health and safety of our employees while continuing to serve customers during the COVID-19 pandemic.
- Proactively eliminating or mitigating more than 690 potential injury risks.
- Reinforcing our commitment to a culture of accountability to employees, customers, shareholders, the environment and the communities in which we operate.

With this report we are also taking the first reporting steps to incorporate key ESG-related guidance from the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). We will use these standards to refine our ESG strategy and action plan in fiscal 2021. We will also strive to improve upon the progress we made this year including:

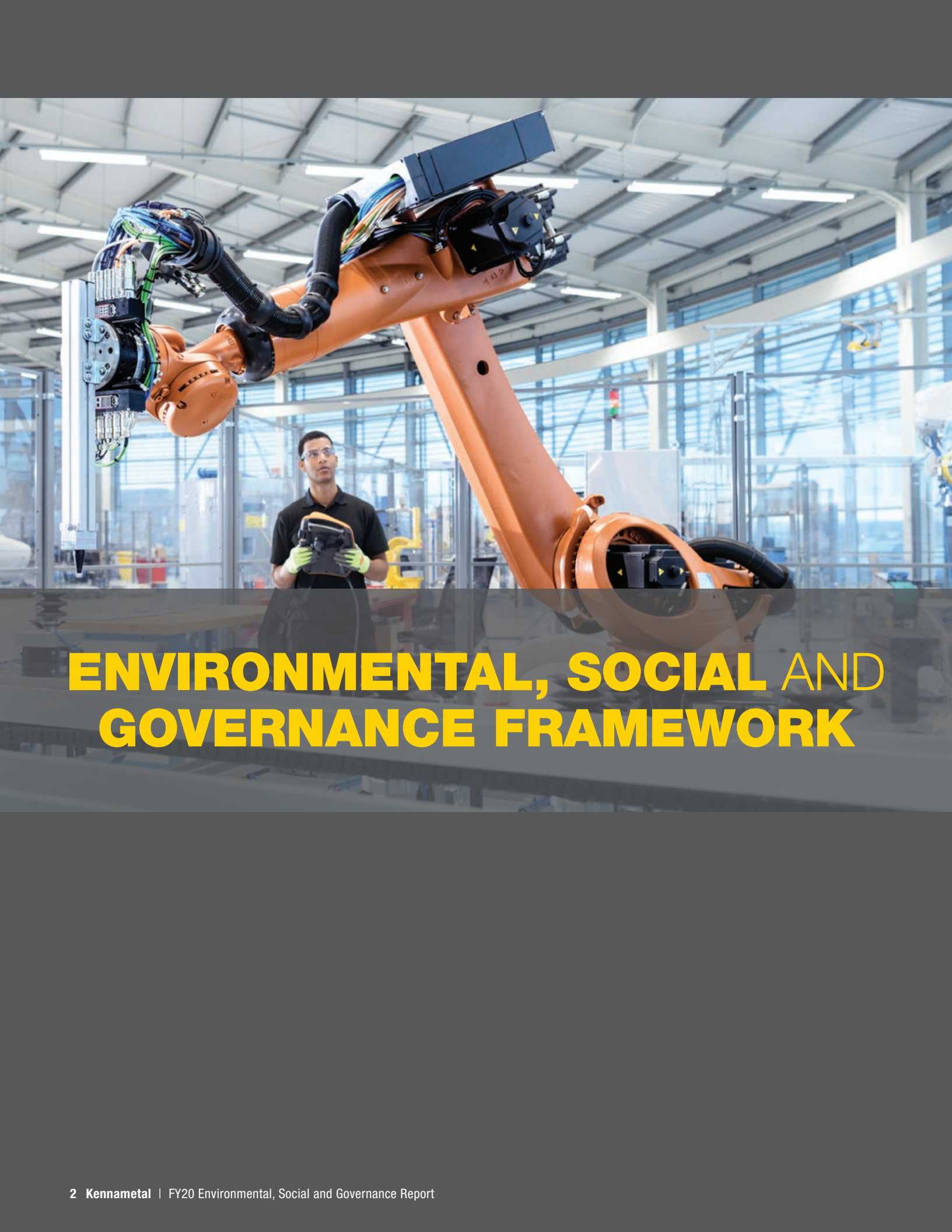
- Keeping employees safe while operating our plants to serve customers during the COVID-19 pandemic.
- Ensuring suppliers and partners meet our high expectations for safe operation and ESG standards.
- Maintaining our focus on diversity and inclusion by building and developing a diverse team that will help us execute our strategy, achieve our objectives, and position us for success and growth.

Thank you for your interest in Kennametal's ESG report.

Best regards,

A handwritten signature in black ink that reads "Christopher Rossi". The signature is written in a cursive, flowing style.

Christopher Rossi
President and Chief Executive Officer



ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK

ENVIRONMENTAL

We operate our businesses in an environmentally sustainable way and strive for continuous improvement in our use of natural resources and reduction of waste and emissions.

SOCIAL

People

We focus on diversity, inclusion, talent development and training programs for our employees to promote a culture of accountability that embraces our mission, vision and values.

Health and Safety

We value safety first in all aspects of our work. We are proactive in preventing injuries, eliminating risks and promoting a healthy work environment.

Supply Chain

We continuously monitor and assess our suppliers and distributors to ensure fair, legal and ethical business practices throughout our supply chain.

Community

We value the communities in which we operate and are committed to volunteerism and charitable giving at our locations throughout the world.

GOVERNANCE

Mission, Vision and Values

Our mission, vision and values provide the solid foundation and guiding principles for our employees to make sound sustainability decisions and take responsible actions that enable our enterprise strategy.

Governance

Our corporate policies and procedures support effective governance, ethical behavior and legal compliance for our global operations.

Leadership

Our Board of Directors, executive officers and managers are engaged and informed on the ESG matters that affect our company.



ENVIRONMENTAL

ENVIRONMENTAL MANAGEMENT

We operate worldwide in a responsible manner that respects and protects the environment and adheres to the Environmental, Health and Safety (EHS) Principles in our [EHS Policy Statement](#).

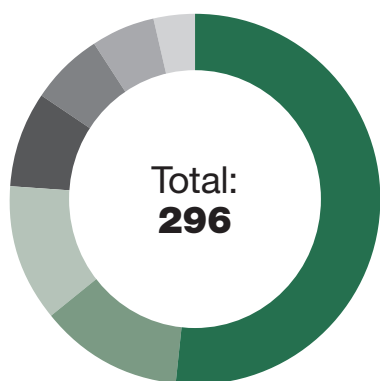
The cornerstone of our environmental stewardship is the employee-driven Protecting Our Planet initiative. We expect each manufacturing location to complete at least one project annually in one of the following seven categories:

- Energy conservation;
- Recycling and paper conservation;
- Waste reduction;
- Air emissions reduction;
- Water conservation;
- Community; and
- Process/system improvement.

Since the initiative’s launch in fiscal 2008, we have invested approximately \$4.5 million in nearly 300 POP projects. We share these best practices globally through our EHS network, which consists of our EHS professionals, a designated energy champion at each location and our POP library.

Protecting Our Planet Projects

Fiscal 2008 to 2020



■ Energy conservation	153
■ Waste reduction	37
■ Community	36
■ Process/system improvement	24
■ Water conservation	19
■ Recycling and paper conservation	17
■ Air emissions reduction	10

Our ongoing companywide simplification/modernization initiatives are another lever in our overall ESG efforts. Through the installation of state-of-the-art equipment and implementation of more efficient processes, we are capturing additional reductions in our energy consumption, waste generation, water usage and overall emissions. Equally important, these initiatives also benefit and bring value to our customers through improved quality, product performance, innovation and delivery.

To better measure our environmental performance, we implemented new EHS management software in fiscal 2020. The system enables increased tracking and reporting of our key metrics and incidents at each location, regional and business segment level. We will be using the information to establish new environmental goals to drive additional improvements in the future.

We also use the data as part of our annual EHS compliance program, where we rank the EHS performance of all locations. We then audit the locations with the highest compliance risk against internal and regulatory requirements.

Another major initiative in fiscal 2020 was creating environmental roles and responsibilities for employees at all levels of the organization. We also identified opportunities to develop more robust environmental standards in key areas to further formalize our expectations and requirements. We anticipate continuing to roll out these standards in fiscal 2021.

Our global EHS team partners with our businesses on day-to-day issues and due diligence projects for potential acquisitions, mergers, property expansions, closures, divestitures and similar projects.

ENERGY

Many of our manufacturing processes are energy intensive, which is why initiatives focused on energy conservation make up the majority of our POP projects.

Most of our products undergo a heat-treat process in a high-heat furnace, which requires significant energy to operate. Updated equipment and process improvements through simplification/modernization are increasing the energy efficiency of our furnaces as well as our lighting and air compressor systems, which are two other major consumers of energy and focus areas for energy reduction.

In fiscal 2018 and 2019, we conducted energy assessments on our largest energy-consuming manufacturing facilities in the U.S. (six locations) and Europe (three locations) to identify energy-reduction opportunities. Each assessed location then developed an action plan to capture the savings.

To share the learnings with all locations globally, we created an energy-reduction playbook using the assessment results and action plans. We also have a designated energy champion at each location who is responsible for identifying and implementing energy-reduction opportunities, increasing the visibility of energy management at the plant and reporting on energy performance.

Our global energy-intensity goal is to reduce kilowatt hours (kWh) per piece produced by 5 percent annually at our

manufacturing facilities. While our fiscal 2020 energy intensity increased slightly from prior year due to fewer pieces produced, we posted a 16 percent reduction in overall energy consumption because of the lower production levels.

Energy Consumption

Gigajoules

	Electricity	Natural Gas	Total
FY18	1,413,629	452,160	1,865,790
FY19	1,392,590	442,687	1,835,277
FY20	1,321,284	227,358	1,548,204

For our electricity usage, 100 percent is from the grid.

Energy Intensity

Kilowatt hours per piece produced



CASE STUDY



Cool Energy Savings

A modernization project on the grinding coolant supply system for a production department at our Mistelgau, Germany, location did not achieve the planned 30 percent reduction in energy consumption. The good news? It achieved a 64 percent reduction.

The 30-year-old system, which supplies coolant to the location’s grinding machines, consumed 300,000 kWh of electricity annually. A POP project that was completed in February 2020 replaced the system’s supply pumps and filtration system with more energy-efficient equipment.

Estimates prior to the system becoming operational placed the energy savings at 90,000 kWh per year. The actual savings were more than double, reaching 192,000 kWh annually.

EMISSIONS

The type and quantity of air emissions at our locations vary depending upon the size of the location and its production processes.

Our locations range from large sites that must operate within permitted emissions limits to smaller machining facilities with little to no emissions. We encourage all locations to implement emissions-reduction initiatives when feasible.

Our top emissions by volume globally are particulate matter and greenhouse gases (GHGs). Our new EHS management software will enable us to capture and track more comprehensive GHG emissions data, which we can use to set appropriate targets at the location, business and global levels.

In fiscal 2020, our global GHG emissions totaled 217,259 metric tons, which was a slight reduction from fiscal 2019. The increase in our direct GHG emissions (Scope 1) was due to increased accuracy of our data collection and participation from our sites in reporting their on-site fuel use. The increase in GHG emissions intensity was a direct result of fewer pieces produced in fiscal 2020 compared with the two prior years.

Greenhouse Gas Emissions

Metric tons of carbon dioxide equivalents

	Direct (Scope 1)	Indirect (Scope 2)	Total
FY18	31,922	188,870	220,792
FY19	33,240	184,348	217,588
FY20	44,405	172,854	217,259

Greenhouse Gas Emissions Intensity

Kilograms of carbon dioxide equivalents per piece produced

FY18	0.72
FY19	0.71
FY20	0.86

CASE STUDY

Protecting the Environment with Enhanced Technology

A process that protects Kennametal products from wear, erosion and heat stress is now also helping to protect the environment following modernization projects that eliminated almost 100 percent of hydrogen chloride (HCl) emissions.

Kennametal is one of a small number of companies that use the advanced chemical vapor disposition (CVD) process, where various gases and liquids react to generate a strong, long-lasting coating. HCl is a primary byproduct of the process.

Recent major modernization projects at our Bangalore, India, and Orwell, Ohio, locations replaced CVD equipment with the latest technologies available in the industry. The updates included automated gas and liquid distribution systems, which will reduce the opportunity for hazardous material leaks as well as employee exposure to these chemicals. An advanced scrubber technology eliminates virtually all HCl emissions.

The more efficient equipment also increases output while reducing overall consumption of materials and energy, further reducing the environmental impact of the CVD process.

WATER

Although our production processes use water efficiently, we continue to reduce our usage primarily through POP projects.

Most of our manufacturing locations use a closed-loop system to recycle process water, only withdrawing fresh water to make up for water lost primarily due to evaporation. A good example is our Orwell, Ohio, plant, which recently installed a closed-loop system that will save 18 million gallons of fresh water annually.

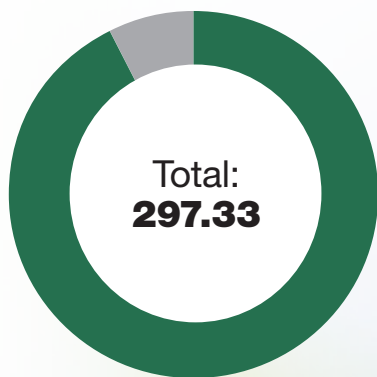
Each facility is responsible for analyzing its water metrics on a periodic basis to identify reduction opportunities and potential issues, such as leaks (see the case study).

In fiscal 2020, we implemented mandatory reporting of water withdrawn and wastewater discharged. Beginning in fiscal 2021, our locations will also be required to report against a new intensity metric that is focused on water consumed per piece produced.

We withdrew 297 million gallons of water and discharged 103 million gallons of wastewater to municipal treatment plants during the fiscal year.

FY20 Water Withdrawn by Source

Millions of gallons



■ Municipal	275.82
■ Groundwater	21.51

CASE STUDY

Stopping the Flow

A higher-than-usual volume of process water discharged to the local wastewater plant flagged an issue at our Henderson, North Carolina, plant in late 2019. The end result is a project that will save up to 4 million gallons (15,140 cubic meters) of water annually.

The location's leadership team analyzed historical water data and equipment conditions. The analysis revealed control and mechanical issues that were causing higher volumes of process water to be discharged.

The location initiated a POP project to address the system failures by replacing all controls, pumps and level controls. It also developed an interim solution to reduce water loss until the POP project was completed in mid-2020.

In addition to significant water savings, the project is expected to reduce energy consumption by approximately 300,000 kWh and utility costs by up to \$100,000 annually.

WASTE

Through reduction, recycling and reuse initiatives, we are making steady progress in reducing our landfilled waste.

Our operations that cut, machine and grind metals produce our highest volume of waste, which includes scrap, cutting fluids and sludges. Our second largest waste by volume is from our heat-treat process.

For these and all wastes, we expect each location to identify waste minimization opportunities as part of our POP program. We also partner with qualified waste vendors to review our waste streams annually to identify potential beneficial reuse opportunities.

We have made significant progress in redirecting our waste from cutting, machining and grinding metal back into our operations by reprocessing scrap, fluids and sludges into tungsten feedstock. In the U.S., for example, we have eliminated more than 1,400 metric tons of landfilled waste since 2006 by extracting and reusing the metals contained in grinding sludge. We also partner with a waste vendor in Bitterfeld-Wolfen, Germany, that separates the oil, water and other contaminants in grinding sludge to reclaim usable

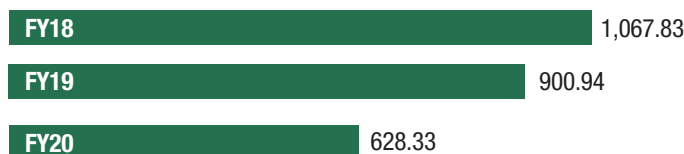
metals for our operations. The plant can treat up to 20,000 metric tons of sludge annually.

All of these efforts, as well as recent plant consolidations and reduced production in 2020 due to COVID-19, resulted in a 30 percent decline in landfilled waste compared to fiscal 2019 and a 41 percent reduction since fiscal 2018.

To further reduce landfilled waste in our value chain, we have a robust carbide recycling program for our customers and third parties (see the Reconditioning and Recycling section).

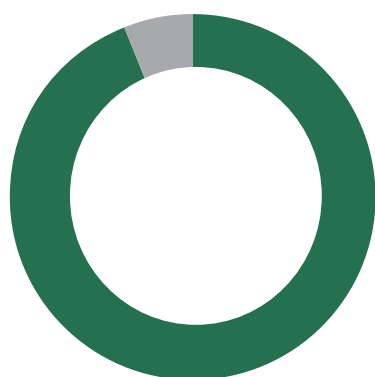
Landfilled Waste

Metric tons



FY20 Waste by Type

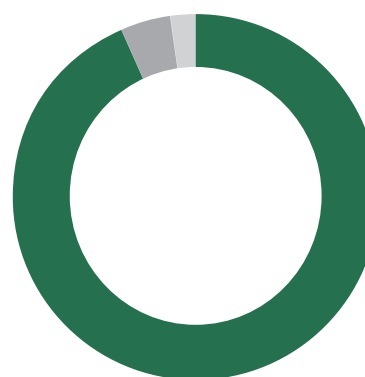
Metric tons



■ Hazardous	887.11
■ Non-hazardous	13,891.81

FY20 Waste by Top Disposal Methods

Metric tons



■ Recycled	13,229.57
■ Landfilled	628.33
■ Incinerated	282.73

Recycled Waste Streams

- Grinding and miscellaneous sludges
- Titanium, copper, brass, aluminum, vanadium, cobalt alloy, nickel alloy and steel scrap
- Spent filters
- Floor sweeps
- Scrap powder
- Grinder dust
- Scrap wire
- Sandblast media
- Scrap machinery
- Metal cloth
- Baghouse dust
- Lab samples
- Test samples
- Metal skulls
- Miscellaneous alloy chips and turnings



RECONDITIONING AND RECYCLING

We are committed to a circular economy, where we eliminate waste by continually reusing resources.

We extend the life of our products through reconditioning at various facilities around the world, and we recover and recycle products that have reached the end of their useful lives. We also reuse production scrap from our internal operations, our customers and third parties to manufacture new products.

These efforts reduce our use of virgin materials and eliminate landfilled waste. They also can contribute to reductions in energy consumption, emissions and water use compared to manufacturing products from virgin materials.

Reconditioning Services

With our global Blue Box™ reconditioning program, customers and other end users ship their used Kennametal drills, end mills, reamers and additional products to us or an authorized reconditioning center using a special shipping container that we provide. We also accept competitor brands for the reconditioning program.

We recondition carbide, polycrystalline diamond (PCD), cubic boron nitride (CBN) and ceramic products. Our services include sharpening, re-tipping and reapplying coatings, with reconditioned products meeting nearly 100 percent of new tooling performance. We return those reconditioned products to the customer using the same container whenever feasible, further reducing waste.

Products that can no longer be reconditioned can transition into our Green Box™ recycling program. [Learn more.](#)

Recycling Services

On average, end-of-life sintered carbide products and hard scrap carbide consist of 90 percent tungsten carbide, which is infinitely recyclable and a critical material for our operations. Our targeted recycling strategy helps ensure that we capture the economic, environmental and supply security benefits of these end-of-life and scrap products globally.

We purchase solid and sludge carbide scrap from customers and third parties, and we also recycle our internal scrap. Through our Green Box™ recycling program, customers send their solid scrap to us in a recyclable container that we provide. We also have a web-based buy-back program to purchase scrap from third parties.

We handle the majority of our recycling using the recovered carbide to produce new products. The amount of recycled carbide in our products varies by product, with ongoing efforts to increase the amount of recycled content when feasible. [Learn more.](#)

Scrap Recycled

Percent





SOCIAL

PEOPLE, DIVERSITY AND INCLUSION

Our competitive edge is our people. We are committed to ensuring employees have the opportunity to reach their full potential by providing a supportive and inclusive environment where all people and perspectives are respected.

Diversity and Inclusion

We value the gender, cultural and experiential diversity that our employees bring to Kennametal and are 100 percent committed to inclusion and equality in the workplace.

Our diversity efforts are focused on increasing underrepresented groups within our workforce, with an emphasis on increasing the representation of women at all levels of the organization. We also have taken steps to increase the representation of African Americans within our professional roles, including partnering with the National Society of Black Engineers (NSBE) in fiscal 2020.

We are executing the following three-pronged diversity and inclusion strategy:

- **Talent acquisition:** Our goal is a diverse talent pipeline, and we are partnering with leading universities, professional organizations and executive recruiters to target underrepresented groups. We are also working to ensure we have a diverse slate of candidates for open positions.
- **Organizational awareness:** We are building awareness of the value of diversity and inclusion among our employees through training and communications. Our Women's Affinity Groups in Asia Pacific, India and the U.S. also showcase women who have advanced within Kennametal and other companies.
- **Internal development:** We have partnered with Women in Manufacturing to offer development and networking opportunities to all employees with a focus on women. We also offer a formal mentoring program for female employees that includes a targeted learning journey. In addition, we encourage our locations to partner with community organizations that are focused on diversity and inclusion and provide educational and networking opportunities.

While the percentage of women in our workforce has remained steady over the past three years, we have made progress in increasing gender, cultural and racial diversity within our Board of Directors and executive and senior management roles. We are committed to continue working with organizations like NSBE and external talent acquisition experts and expanding our internal efforts to further increase diversity throughout the company.

Number of Employees

	Female		Male		Total
	Number	Percent	Number	Percent	
FY18	1,685	16.8	8,351	83.2	10,036
FY19	1,668	16.8	8,269	83.2	9,937
FY20	1,537	17.1	7,452	82.9	8,989

Numbers are calculated based on fiscal year-end numbers.

Women in Leadership Roles

Percent

	Board of Directors	Executive	Leadership	Senior Management
FY18	10.0	22.2	20.8	7.1
FY19	20.0	33.3	23.1	8.3
FY20	22.2	30.0	26.1	10.6

Numbers are as of the end of the fiscal year.

Engagement

Research shows that engaged employees are more satisfied, productive, and connected to their company. In fiscal 2020, we launched a new mission and vision and recommitted to our core values to help guide us as a company and keep employees engaged in the company’s long-term strategy.

OUR MISSION

Through the skill and innovation of our people, we deliver industry-leading tools and technologies that solve customer challenges and enable exceptional performance.

OUR VISION

Transform how everyday life is built.

OUR VALUES

Safety, respect, integrity and accountability.



We also took the opportunity to reinforce our commitment to a culture of accountability. This means that we are responsible for our actions and living our values and in doing so, accountable to each other and to our customers, shareholders, the environment, and the communities in which we operate. We have found that where there is accountability, employees feel more connected to the company and the results we are trying to achieve. And taken together, our mission, vision, values, and culture create an environment where employee engagement can thrive.

We will conduct our next employee engagement survey in fiscal 2021 to measure our progress and identify opportunities to further strengthen and enhance our engagement offerings.

Turnover Rate

Percent

	Involuntary	Voluntary	Overall
FY18	2.0	6.7	8.7
FY19	2.5	6.6	9.1
FY20	5.2	6.7	11.9

Numbers are as of the end of the fiscal year.

Learning and Development

For our company to grow, our employees must grow and develop continuously.

We offer learning and development opportunities for employees at all levels. We have partnered with Penn State University for our formal leadership development program, which focuses on senior leaders (in-person training) and mid-level leaders (in-person training supplemented with virtual). We also offer the [Emerge](#) rotational program for early-career leaders.

Approximately 1,400 employees have access to more than 20 online classes for leadership and interpersonal effectiveness development. In fiscal 2020, these employees accessed nearly 1,300 of these learning assets. We also conducted instructor-led training (classroom and virtual) for role- and function-specific skills, such as project management, process improvement and sales effectiveness during the fiscal year. In addition, we delivered leadership training to more than 300 business and functional leaders.

To support our company’s simplification/modernization efforts, we have a robust suite of change management training for our leaders as well as onsite technical and safety training for our hourly employees. We also offer our employees technical training through the Kennametal Knowledge Center.

Kennametal Knowledge Center

We believe that metalworking is a science. We also believe in providing our employees, channel partners (distributors and sales agents) and customers around the world with world-class training on the latest machining practices to advance both the industry and the local workforce.

Through the Kennametal Knowledge Center, we offer instructor-led and online training that includes machining fundamentals, tool design and selection, and metal-cutting applications. We also offer an online [Certified Metalcutting Professional \(CMP\) program](#).

We conduct instructor-led training at our corporate training centers in Latrobe, Pennsylvania, Fuerth, Germany, Bangalore, India, and Shanghai, China, as well as at customer sites and other locations around the world. The training, which is brand independent and delivered in the local language, combines theory and best practices with the latest tooling and manufacturing strategies.

During fiscal 2020, our global team conducted 35 instructor-led training sessions for 1,140 participants prior to the onset of the COVID-19 pandemic. Our online training reached 10,315 people during the fiscal year, and 155 people completed the CMP program.

A list of upcoming courses can be found on the [Kennametal Knowledge Center webpage](#).



Participants in a Kennametal Knowledge Center class are introduced to the advanced design and application of the company's hole-making tools.

HEALTH AND SAFETY

Safety, including the health of our employees, is one of our core values and a priority across our global operations.

Health and Safety Strategy

We are committed to developing a world-class health and safety culture to target zero injuries and illnesses. In fiscal 2020, we implemented a new health and safety strategy that is designed to focus all employees on proactively identifying, mitigating and eliminating high-risk conditions that could result in a serious injury or fatality.

The strategy consists of three pillars – fatality and serious injury (FSI) prevention, incident prevention, and leadership development and compliance culture.



FSI Prevention

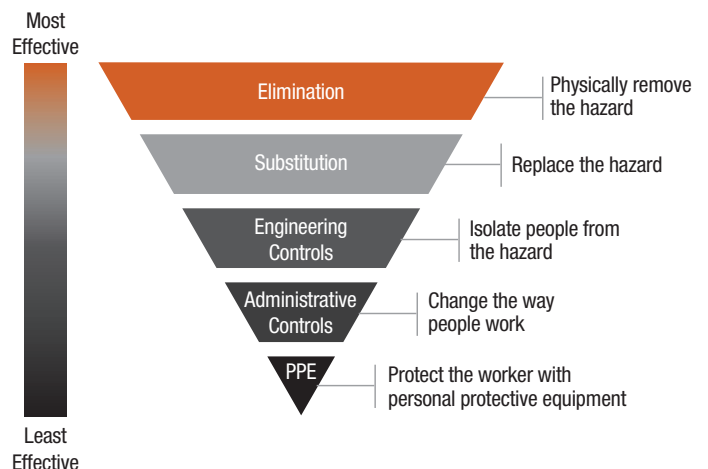
An FSI is any work-related incident, risk or unsafe condition that results in – or has the potential to result in – a fatality, life-threatening, or life-altering injury or illness. In fiscal 2020, our top three FSI risks were: different-level falls; machine guarding; and same-level falls.

Our new FSI prevention standard requires each location to have a cross-functional FSI team, which is tasked with proactively identifying FSI risks and eliminating them prior to an injury event. In fiscal 2020, we required the teams to identify at least one FSI risk per month for their location. Collectively, they proactively identified an average of 58 risks per month during the fiscal year and eliminated or mitigated all unacceptable risks within 24 hours.

The teams use a standardized risk evaluation process to first rank a risk based on probability and severity and then evaluate the layers of control using the hierarchy of controls.

To better identify specific risks that have a higher fatality potential in our operations, we developed focused risk assessments for fall control and molten metal.

Hierarchy of Controls



We require the locations to create an action plan to mitigate or eliminate each identified FSI risk, with a corporate-wide goal of zero past-due corrective actions.

Our corporate health and safety experts conduct a monthly FSI meeting for plant leadership and EHS staff at all locations to share key learnings about an FSI potential or risk from each of our business segments. We also include

FSI identification metrics in our global operations metrics to further elevate awareness and accountability.

During fiscal 2020, 22 percent of all reported events and risks were FSI-related. In addition, 97 percent of our FSIs occurred during injury-free events and were identified through our Find and Fix initiative. This highlights the importance of all-incident reporting and solving to root cause to prevent recurrence.

FY20 FSI Performance

FSI Actuals	FSI Risk Identification Target	FSI Risks Identified	FSI Risks Mitigated	Past-Due FSI Corrective Actions
0	312	693	693	0

Incident Prevention

In addition to eliminating FSI risks, we strengthened our efforts to prevent overall injuries and illnesses in our operations during fiscal 2020.

Actions and initiatives included the following:

- Each location identified the top three injury risks for its specific operations and implemented strategies to eliminate or further mitigate those risks.
- Our locations continued to report near-miss events, which are incidents that do not result in an injury but have the potential to do so. We encouraged each location to report a minimum of 10 near-miss events during the fiscal year.
- We enhanced our metrics reporting scorecard, providing additional visibility into our key health and safety data at the plant, business and global levels.
- Our Find and Fix initiative encouraged and empowered employees to identify and fix safety-related issues within their operations.
- We remained focused on reducing hand and finger injuries – which continued to be a primary cause of injury – through risk identification, ongoing communication, and additional machine guarding and personal protective equipment. These efforts helped reduce hand and finger injuries by 45 percent since fiscal 2018.

- As part of our company’s overall modernization initiative, we launched a robust management of change process to ensure health and safety controls are integrated into the design and commissioning phases for new equipment and processes.
- We implemented a stop work process, where all employees and contractors have the authority to stop work when they feel that something is unsafe or they are unsure about how to proceed safely.
- Plant managers led select employees on monthly EHS safety walks to focus on safety risks in different departments. We required each plant to conduct at least one safety walk per month.
- We took initial steps, including hiring an industrial hygiene professional, to create an occupational health program focused on industrial chemical exposure.

Another major initiative in fiscal 2020 was creating a contractor safety standard and process. In December 2019, we first implemented the standard and process in the Americas and are continuing with implementation in other regions of the world.

Under the standard and process, any contractor that will be working at one of our sites must be prequalified for EHS performance. The contractor and site staff also collaborate to complete a job safety analysis that identifies potential risks associated with the planned work and the means to mitigate those risks. In addition, the plan identifies the training and personal protective equipment required for the contractor’s employees for the specified job.

SOCIAL

The contractor standard and process also establish a framework for field observations conducted independently by the contractor and location staff. These observations help ensure the contractor is adhering to the job safety plan, and they also enable the identification and mitigation of any new risks.

Safety Performance

Employees

	Fatalities	Fatality Rate	Total Recordable Incidents	Total Recordable Incident Rate	Near-Miss Events	Near-Miss Frequency Rate
FY18	0	0	55	0.51	-	-
FY19	0	0	42	0.40	713	6.87
FY20	0	0	39	0.42	578	6.19

The fatality, total recordable incident and near-miss frequency rates are calculated as the number of incidents multiplied by 200,000 and divided by hours worked.

Leadership Development and Commitment to Compliance

Key to our success in reducing injuries and illnesses is developing a strong commitment to compliance across the company – where leaders are engaged at all levels, and every employee takes ownership of safety.

In fiscal 2020, we developed guidelines on specific health and safety roles and responsibilities for employees at every level using the following six groups:

- Senior leaders;
- Plant managers;
- Line leaders;
- EHS staff;
- Office and operations personnel; and
- Support function employees.

The guidelines clearly articulate key actions that we expect each employee to take on FSI prevention, incident prevention, and leadership development and compliance.

To further drive ownership, we required each employee to include a health and safety objective within his or her annual performance plan for fiscal 2020. An engineer, for example, may have had an objective to improve guarding on a specific piece of equipment.

Our total number of recordable cases decreased in fiscal 2020 versus the prior fiscal year, but our total recordable incident rate (TRIR) did increase slightly because of significantly reduced work hours due to the challenging global economic conditions that were magnified by the COVID-19 shutdowns and associated furloughs. While we missed our goal of an 8 percent TRIR reduction for the fiscal year, more than 50 percent of our locations had zero recordable injuries.

Part of our effort to create a compliance focus is developing corporate standards for our six critical risks. In addition to contractor safety and FSI prevention, the standards cover fall controls, lockout/tagout/verification, powered industrial vehicles and machine guarding/robotics. To help our locations ensure these and future standards are implemented correctly and robustly, we are developing a self-assessment tool for each standard.

Health and safety training is handled at the location level with the exception of plant managers and EHS personnel, who undergo an onboarding process led by our corporate health and safety staff. We are exploring opportunities to expand this training on a global level.



CASE STUDY

Industrial Segment Reduces Hand and Finger Injuries

With approximately 50 percent of its processes handled manually, our Industrial segment pulled on communication, personal protective equipment (PPE), risk management and machine guarding to reduce its hand and finger injuries by 78 percent between fiscal 2018 and fiscal 2020.

In fiscal 2018, hand and finger injuries accounted for 35 percent of our Industrial segment's total recordable incidents and 40 percent of injuries across all of our segments globally. Corporate-driven initiatives to reduce these injuries included making the use of cut-resistant gloves mandatory rather than voluntary and increasing communication on hand and finger safety. This communication encompassed monthly messages delivered by supervisors on the shop floor and signage posted in areas and on equipment with high injury potential.

In fiscal 2020, each of our Industrial locations analyzed its hand and finger injury data to identify trends and risks. This information was used to develop a site-specific strategic plan to reduce both the number and severity of hand and finger injuries. Actions included increasing machine guarding, PPE and communications, as well as designing and standardizing new equipment to eliminate risks. Our FSI initiative also helped increase hand and finger risk awareness among employees.

Hand and finger incidents within the Industrial segment declined from nine in fiscal 2018 to two in fiscal 2020 – a 78 percent reduction.





COVID-19 Response

As with so many other businesses, our operations globally faced the unprecedented challenge of the COVID-19 pandemic in 2020.

Deemed an essential business by governments around the world, our facilities operated throughout the crisis unless there was a government-mandated lockdown in their region.

To protect the health and safety of our employees and our operations while continuing to serve customers, we instituted strict and comprehensive COVID-19 protocols and processes following the guidelines established by the U.S. Centers for Disease Control and Prevention (CDC), the World Health Organization (WHO) and other health authorities. Actions taken included:

- Implementing extensive travel restrictions;
- Requiring all employees who could perform their jobs remotely to work from home for several months;

- Changing work practices and building layouts to enable social distancing;
- Using personal protective equipment like face coverings, face shields and gloves and increasing disinfecting regimens and hand-sanitizing expectations;
- Significantly limiting contractor work and visitors in general at all locations;
- Banning any person with COVID-19 from entering a Kennametal location for any reason; and
- Requiring employees diagnosed or suspected to be infected with the virus to self-quarantine for 14 days after their symptoms subsided before returning to work.

Due to the cooperation and commitment of our employees, we experienced a low level of known cases of COVID-19 within our global workforce during fiscal 2020. None of these was deemed work related per the requirements of the U.S. Occupational Safety and Health Administration (OSHA) or other like global standards.

SUPPLY CHAIN

We expect our supply chain partners around the world to conduct business in an ethical and responsible manner.

All suppliers must adhere to our [Principles of Supplier Conduct](#), which convey our expectations for ESG performance. These include protecting both the environment and their employees through safe work practices, adhering to all applicable laws and regulations, combatting human trafficking, and not engaging or supporting forced, compulsory or child labor.

New suppliers must confirm that they have reviewed our Principles of Supplier Conduct and Global Anti-Corruption and Anti-Bribery Policy. Each also must commit to remaining compliant with all applicable laws pertaining to human trafficking. In fiscal 2020, we took initial steps to develop a more comprehensive risk assessment and due diligence process to further prevent human trafficking in our supply chain.

For certain suppliers that we deem higher risk due to their products, services or geographic location, among other factors, we conduct a more in-depth assessment that may include an on-site visit. These assessments are particularly important for our suppliers of tungsten, tantalum, tin and gold (3TG), which are considered conflict minerals under U.S. law.

When we identify a supplier that is not meeting our ESG expectations, we proactively engage with the supplier to convey our concerns. We typically exit that relationship and find an alternative source of supply. If an alternative supply is not feasible, we work with the existing supplier to implement improvements and then reassess to ensure those improvements are sustained.

Conflict Minerals

Tungsten is a key raw material for our operations and the largest by volume of the 3TG minerals that we source.

As indicated in our [Conflict Minerals Statement](#), we do not purchase 3TG from the Democratic Republic of the Congo or an adjoining country. We also do not purchase the minerals from suppliers who source in that region unless they have been certified as conflict free.

We work with a reputable third party to assess our 3TG suppliers annually to validate that each is either certified as conflict free by the [Responsible Minerals Initiative \(RMI\)](#) or working with an RMI-certified smelter. The validation process is conducted using accepted industry standards.



In calendar year 2019, we confirmed that 100 percent of the 3TG materials used in our metallurgical operations were conflict free.

Critical Materials Security

In addition to tungsten and tantalum, other minerals that are critical to our operations are cobalt, niobium, titanium, vanadium and zirconium. The risks in securing an ongoing supply of these materials vary due to the complexity of the supply chain, the location of the materials or the availability of the raw materials.

Our most critical raw material is tungsten. China accounts for 80 to 85 percent of the world's tungsten resources and controls the global pricing index (APT Index). Tungsten ores are also mined in Austria, Bolivia, Russia, Rwanda, Spain and Vietnam.

Supply from many of the tungsten mines can be volatile due to the sensitivity of the APT Index and global demand. Some mines, including those in Mongolia, Portugal and the United Kingdom, have recently halted production due to an out-of-balance position between cost to produce, demand and market pricing. Most mines in Austria, Spain and Vietnam are wholly owned by companies that include our competitors, while mines in Russia and Rwanda are less than ideal for Kennametal due to their mineral quality or supply chain transparency risk.

We have a robust tungsten concentrate supply and upgrading operation in Bolivia. We are closely connected to the country's mining cooperatives in a fair, ethical and transparent manner. To help ensure the viability of these mines, we provide ongoing financial and in-kind support for operations, health and safety, environmental compliance, governance and other areas. We also help raise the quality of life in the mining regions through our support of schools, medical facilities, infrastructure and other social needs.

We manage our Bolivian commercial operations to right-size the tungsten output from the cooperatives to align with our business requirements. To mitigate disruption in supply, we also diversify our supply chain through tungsten offtake agreements with various mines outside of Bolivia.

Cobalt in either powder or metal form is our second most critical material. We diversify our sources of cobalt supply among a few suppliers and manage our consumption to ensure we can mitigate any risk of supply disruption.

For tungsten, cobalt and other critical materials, we have an overall strategic sourcing strategy to mitigate risks and ensure supply security. Strategy components include:

- Evaluating the global supply against our current and future requirements. In some cases, we engage with suppliers several years before actual commissioning of supply to ensure there are no gaps in supply.
- Keeping our U.S. supply chain independent of China.
- Having flexibility to optimize when global conditions are right.
- Where possible and appropriate, implementing a regional sourcing strategy to optimize flexibility, logistics and security of supply.
- Evaluating current and future material requirements for all locations and engaging in supply relationships for those requirements.
- Partnering with strategic suppliers or developing new suppliers who can support our key initiatives.
- Implementing long- and short-term strategies to create a complex supply chain that is mature and flexible enough to ensure security of supply chain.
- Securing supplier agreements both globally and regionally, where appropriate.
- Engaging only with suppliers that have been certified as conflict free or those that have sources of supply that are conflict-free certified.
- Helping expand the supply base in markets where the number of suppliers is limited to increase supply security and enable competitive pricing.

We are closely connected to the mining and metals industries through our involvement in industry organizations. These connections help keep us informed about supply chain developments that may impact our operations.

COMMUNITY ENGAGEMENT

Accountability is one of our core values, and that includes giving back to the communities where we work and live.

We engage with community partners at the regional and global level through the Kennametal Foundation and at the local level through each site. Our financial, in-kind and/or volunteer support focuses primarily on workforce development in the areas of technical engineering, machine skill training, and materials and environmental sciences. We also support various needs in the local communities.

Workforce Development

We address workforce development primarily through the Kennametal Academic Program, which encompasses a number of programs and activities. We also establish relationships with various colleges, universities, technical schools and other organizations that are focused on preparing the workforce of the future.

Kennametal Young Engineers Program

Established in 2011, the Kennametal Young Engineers Program educates high school students about engineering and manufacturing careers. The program combines classroom discussions, hands-on projects and mentoring led by our employees. More than 400 students have graduated from the program since its launch.

STEM Initiatives

We support various initiatives focused on science, technology, engineering and mathematics, including girls' days, technical awards and open houses at our facilities.

Internship, Cooperative and Apprenticeship Programs

At our locations globally, we offer internship, cooperative and apprenticeship programs to help develop a pipeline of skilled manufacturing talent. In fiscal 2020, we had more than 300 people participating in our various programs around the world.

University and Technical College Partnerships

Through the Kennametal Foundation, we have ongoing partnerships with universities, colleges and technical schools globally in support of workforce development efforts that include scholarships, engineering programs and research projects.

Purdue University Partnership

In April 2019, we announced a five-year partnership with Purdue University that is focused on workforce development. We committed to provide a \$25,000 grant to the university's Center for Career Opportunities and approximately \$400,000 in tooling, machining and training to the school's Bechtel Innovation Design Center, which is an advanced prototyping facility for students.



Kennametal in the Community

We strive to be a good neighbor by helping address community needs through strategic partnerships with nonprofit organizations as well as employee volunteerism.

Core Strategic Partnerships

We have established strategic partnerships with community nonprofits that support our values, provide us with national or cross-country opportunities to give back to our communities, and offer volunteer options for our employees.

In the U.S., we support the United Way through employee pledges and volunteerism, Kennametal Foundation grants and funds raised through special events, including our annual Strategic Supplier Golf Outing. In calendar year 2019, these combined contributions totaled nearly \$885,000.

Additional long-term partnerships include Ronald McDonald House Charities in Europe and Sparsha Trust in India (see the case study).

Employee Volunteerism

We encourage our employees to volunteer their time to initiatives and organizations in the communities where we operate. In the U.S., we support their efforts with a paid day off each year for volunteer activities.

Employees volunteer for opportunities offered by our core strategic partners or activities organized by employees or their locations to meet a local need. In fiscal 2020, these activities included raising funds to support families in need and volunteering at a wildlife reserve.



COVID-19

In fiscal 2020, the COVID-19 pandemic had a significant effect on the communities where we operate. Our employees took a variety of actions to help their local communities, including the following:

- **Bedford, Pennsylvania:** When local healthcare workers started experiencing ear pain from the loops of their face masks, a Kennametal senior manufacturing engineer found a solution. The location donated to area healthcare workers hundreds of ear savers that it produced using 3-D printing.
- **Bangalore, India:** Kennametal India Limited and its Neralu employee group donated hand sanitizer, masks and other personal protective equipment to local hospitals and police stations. Some of the items were purchased using employee donations.
- **Chicago, Illinois:** With funds donated by his Kennametal colleagues, one of our senior customer application support analysts used his personal 3D printer to produce masks for frontline medical professionals.
- **Newport, Wales:** Hearing that the hospital where his wife worked was having difficulty securing elasticized head caps, a Kennametal employee arranged for his location to donate some of its elastic shoe covers as a temporary replacement.
- **Western Pennsylvania:** Coordinated by employee volunteers, the Kennametal Employee Association donated lunches from local restaurants for 175 local healthcare workers over four days.

We are proud of the ingenuity and generosity of our employees in such unprecedented and uncharted times.

CASE STUDY

Neralu: Bringing Hope and Opportunities

They are known as Neralu, meaning shadow. Since 2009, this small but enthusiastic group of Kennametal India employees has brought hope and opportunities into the lives of underprivileged, exploited and abused children through their work with [Sparsha Trust](#).

In fiscal 2020, Neralu members obtained and coordinated the volunteer and financial support of more than 200 of their Kennametal colleagues to help Sparsha Trust provide child protection, childcare, child development and youth skills development across urban and rural Bangalore.

The passion and commitment of its employees led Kennametal India Limited to provide annual financial support, which has enabled the construction of separate dormitories for girls and boys. Other Kennametal-funded initiatives include a rainwater harvesting system, a solar facility, staff quarters and a school bus to transport children to school.

“The support of Kennametal and its employees over the years has improved the lives of children from families living in great hardship and has ensured the children’s access to an education and holistic developmental opportunities,” said Gopinath R., Founder and Managing Trustee of Sparsha Trust.



A Kennametal volunteer leads an after-school activity at Sparsha Trust’s girls’ dormitory.



GOVERNANCE

ETHICS AND COMPLIANCE

Our approach to ethics and compliance is built upon the strong foundation of our core values – safety, respect, integrity and accountability.

Code of Conduct

The [Kennametal Code of Conduct](#), which is available in 23 languages, applies globally to all team members, executives and directors. It defines how we win with integrity, and it is our roadmap for making good decisions that will serve us well over the long term. The code defines the values and principles upon which we operate our business, compete in the marketplace and serve our customers around the world.

Anti-Corruption and Anti-Bribery Compliance

We are committed to doing business the right way and in compliance with all laws and regulations applicable to our global business. These include the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and all other anti-bribery and anti-corruption laws in the countries in which we operate.

We have zero tolerance for any form of bribery or corruption in conducting our business. We believe that we win in the marketplace solely based on the quality of our products and services.



Our [policies](#), which are available in multiple languages, include our Global Anti-Corruption and Anti-Bribery Policy, Non-Retaliation and Global Reporting Obligation Policy, and Global Trade Compliance Policy.

Ethics and Compliance Training

We are committed to ensuring all of our team members, executives and directors know and understand their obligations under our Code of Conduct.

All salaried employees, executives and directors must complete an annual Code of Conduct refresher training course. Salaried team members and executives are also required to complete quarterly ethics and compliance training.

Training is delivered through online tools and in live, interactive sessions. It emphasizes the practical application of knowledge to situations that may arise in conducting our business.

Hourly team members working in our manufacturing and warehouse locations receive annual Code of Conduct training through their site leadership. We also include integrity principles in shift-change meetings to continuously remind these team members of their role in supporting a culture of integrity.

We require our sales agents and distributor partners to uphold our ethics and compliance values in conducting their business and to adhere to our Code of Conduct and Global Anti-Corruption and Anti-Bribery Policy. We conduct risk-based due diligence on these partners as part of the selection process and implement appropriate risk-mitigation measures when necessary.

Our Office of Ethics and Compliance develops and deploys all of our ethics and compliance training, which aligns with the risk profile of our global business.

HelpLine

We maintain a robust whistleblower reporting system called the HelpLine that allows any team member or stakeholder to report concerns or questions directly to our Office of Ethics and Compliance.

Reports to the HelpLine can be made [by phone](#) or the [HelpLine internet portal](#) on a confidential and anonymous basis, where allowed by local law. The HelpLine is operated by an independent third party and is available 24 hours a day, seven days a week.

Concerns also can be reported to our Office of Ethics and Compliance using one of these methods:

- Phone: +1 412-248-8275
- Email: k-corp.ethics@kennametal.com
- Mail: Kennametal Inc. Office of Ethics and Compliance, 525 William Penn Place, Suite 3300, Pittsburgh, Pennsylvania, USA 15219

All reported concerns are investigated by our Office of Ethics and Compliance, which consults with human resources, legal, finance or other internal partners when necessary. Cases are tracked using a global case management system, with the outcome reported back to the person who submitted the original report.

Board Oversight

Our Board of Directors is briefed quarterly on whistleblower reporting activity, training programs and the status of key ethics and compliance initiatives. These briefings provide a forum for regular information exchange between the Board and executive management regarding the direction and implementation of our global ethics and compliance program.

Ethics and Compliance Reports

	Number of Reports	Reports per 100 Employees	Anonymous Reports (% of total reports)	Substantiated Reports (% of total reports)	Case Closure Time (average days)
FY18	159	1.3	50%	31%	17
FY19	169	1.7	50%	53%	16
FY20	160	1.6	47%	45%	16

Reports per 100 employees is calculated based on 10,000 global employees.

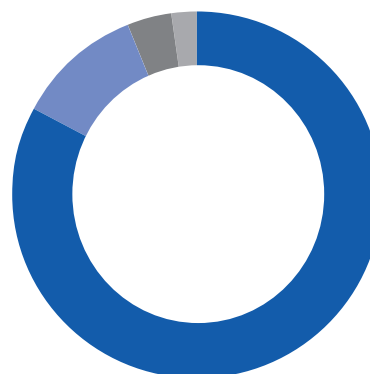
Reports per 100 Employees by Region

	Americas	Asia Pacific	Europe, Middle East and Africa
FY18	3.0	0.3	0.3
FY19	3.3	1.4	0.3
FY20	2.6	1.2	0.5

Rate is calculated based on 10,000 global employees.

FY20 Report Categories

Percent of total reports



- Human resources, diversity and workplace respect 83%
- Environment, health and safety 11%
- Business integrity 4%
- Accounting, auditing and financial reporting 2%
- Misuse or misappropriation of corporate assets 0%

HUMAN RIGHTS

We are committed to respecting fundamental human rights wherever we operate around the world. Our Global Human Rights Policy Statement clearly articulates our position and expectations, and we have systems in place to prevent, report and investigate suspected human rights violations within our operations.

Global Human Rights Policy Statement

This policy statement applies to Kennametal's global operations, including all subsidiaries, affiliates and joint ventures (the "Company") and all directors, officers and employees of the Company.

The Company is committed to respecting fundamental human rights in conducting business around the world. We are committed to treating all persons with dignity and respect, consistent with our core values

Principles

Health and Safety

We operate our business in a safe and responsible manner, consistent with all laws and regulations in the countries in which we operate. Our employees are provided with the appropriate training and equipment to conduct their work safely. All employees are empowered to stop work to address unsafe or at-risk conditions.

Environmental Responsibility

We respect the communities in which we operate by ensuring our facilities comply with all applicable environmental laws and regulations. We take measures to ensure the proper handling and disposal of all waste and hazardous substances. The Company works cooperatively with all government regulatory authorities to comply with all applicable requirements worldwide.

Forced Labor, Human Trafficking and Child Labor

We prohibit the use of forced labor or human trafficking, either directly in our operations or indirectly in our global supply chain, as more fully detailed in our Global Modern Slavery Statement. We comply with all laws and regulations regarding minimum working age; we strictly prohibit any violations of child labor laws. The Company requires its suppliers to comply with the requirements of our Global Modern Slavery Statement.

Equal Opportunity

We believe in the power of diverse talents and capabilities to propel our business. To that end, we are committed to ensuring a fair and equitable workplace, free from harassment and discrimination, where advancement is based on job-related qualifications, accomplishments and experience.

Fair and Equitable Compensation

We believe in providing fair and competitive compensation to our employees around the world. The Company is committed to equitable payment practices and compliance with all applicable wage laws and regulations.

Freedom of Association and Collective Bargaining

We respect the lawful right of all employees to participate in unions. Where employees are represented by a legally recognized union, the Company is committed to constructively working with the union and bargaining in good faith.

Conflict Minerals

We are committed to sourcing raw materials in compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Company does not purchase materials from the Democratic Republic of Congo or adjoining countries. We have processes in place to verify the source of applicable materials in our supply chain and to ensure that our suppliers abide by our values related to human rights, ethical behavior and environmental responsibility.

Anti-Bribery and Anti-Corruption / Fair Competition

We conduct our global business ethically and in compliance with all applicable anti-corruption and anti-bribery laws. The Company competes solely based on the quality of the products and services we provide. We similarly require our suppliers, sales agents and distributors to do the same.

Reporting Concerns

A key component of our culture of respect and integrity is providing all employees with safe and open lines of communication to report concerns or potential violations of Company policies. The Company provides all employees and stakeholders access to a third-party managed [HelpLine system](#), which is available 24/7 via telephone or Internet. HelpLine contact information is available at Kennametal. [ethicspoint.com](#). Reports may be made anonymously, where allowed by law. All reports are kept confidential.

Concerns may also be reported directly to any manager or to the Company's Office of Ethics and Compliance by telephone at +1 412.248.8275 or by email at k-corp.ethics@kennametal.com.

The Company has a non-retaliation policy that protects employees who in good faith report misconduct from repercussions to their employment.



BOARD GOVERNANCE

Our Board of Directors has a strong commitment to ethical conduct and good corporate governance. This commitment promotes the long-term interests of shareowners, strengthens board and management accountability, and helps build public trust in our company.

Structure and Composition

Our current Board of Directors consists of independent directors, except for our President and CEO. The roles of President and CEO and Chairman of the Board are separated, with an independent director serving as Chairman.

All directors are elected to a one-year term. They are selected to serve based on their independence, integrity, diversity and experience. Other selection criteria include sound judgment in areas relevant to our businesses and willingness to commit sufficient time to the Board.

We have three standing Board Committees – Audit, Compensation and Nominating/Corporate Governance – and only independent directors serve as committee members and chairpersons. Additional information about each committee can be found in the [Committee Charters](#).

Oversight

Our [Corporate Governance Guidelines](#) provide a framework for the effective governance of our company. They reflect the Board's commitment to monitor the effectiveness of policy and decision-making at both the Board and management levels to achieve our strategic objectives and enhance shareowner value over the long term.

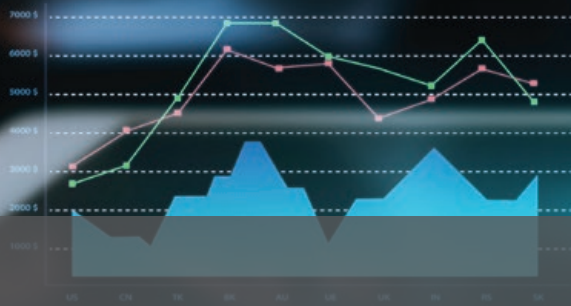
Each Board member must adhere to all relevant Kennametal policies, including our [Code of Conduct](#), [Global Anti-Corruption and Anti-Bribery Policy](#) and Insider Trading Policy. Our directors receive regular training on these and other compliance topics.

As part of the Board's commitment to continuous improvement, the Nominating/Corporate Governance Committee oversees the annual evaluation of our Chairman, the committees and the Board at large.

The evaluation process includes an annual Board Performance Evaluation Survey completed by each director. The Chairman of the Board and the Chairperson of the Nominating/Corporate Governance Committee also conduct one-on-one interviews with each director to assess individual director performance and Board and committee effectiveness. The Board uses the annual evaluation results to identify opportunities for enhancing its overall effectiveness in advancing the company's goals and objectives.

Additional information on Board governance can be found in our [2020 Proxy Statement](#).





APPENDIX

SUSTAINABILITY ACCOUNTING STANDARDS BOARD INDEX

This inaugural ESG report has been informed by the SASB standard for industrial machinery and goods. We will continue improving our data collection systems to more fully meet the standard's requirements.

Topic	Accounting Metric	Category	Code	Report Location
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, and (3) percentage renewable	Quantitative	RT-IG-130a.1	Energy (partial) We are exploring options for collecting renewable energy consumption globally.
Employee Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Quantitative	RT-IG-320a.1	Health and Safety
Fuel Economy & Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Quantitative	RT-IG-410a.1	Not applicable. These metrics are relevant only to a company's sold products. We did not sell products that use fuel or generate emissions during the reporting period.
	Sales-weighted fuel efficiency for non-road equipment	Quantitative	RT-IG-410a.2	
	Sales-weighted fuel efficiency for stationary generators	Quantitative	RT-IG-410a.3	
	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	Quantitative	RT-IG-410a.4	
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	RT-IG-440a.1	Supply Chain
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	Quantitative	RT-IG-440b.1	Information is not disclosed for competitive reasons.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES INDEX

We are committed to reporting against the four pillars of the Task Force on Climate-related Financial Disclosures. We are early in our journey but have included this index as a first step in our public disclosure.

Pillar	Disclosure
Governance	<p>Our Board of Directors is engaged with our executive management on disclosing and reducing our environmental footprint, including greenhouse gases. These discussions include identifying opportunities for greater process efficiencies that are in alignment with our modernization initiative.</p> <p>Environmental Management</p> <p>Board Governance</p>
Strategy	<p>We are working to assess climate-related risks and opportunities to identify those that are relevant and appropriate to our operations.</p>
Risk Management	<p>Once we have identified our climate-related risks, we will begin developing effective risk management processes.</p>
Metrics and Targets	<p>We currently report our Scope 1 and Scope 2 GHG emissions and will be assessing the appropriateness of reporting Scope 3 emissions.</p> <p>Because energy consumption is our greatest source of GHGs, we have established a global energy intensity goal. We will evaluate additional goals once we have identified our climate-related risks.</p> <p>Emissions</p>



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