

The cover features a large, white, downward-pointing arrow shape that serves as a background for the text. This arrow is filled with three horizontal images: a rocky river in a forest, two workers in safety gear looking at a laptop, and silhouettes of business people in a meeting.

***ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE***

FISCAL 2021 REPORT

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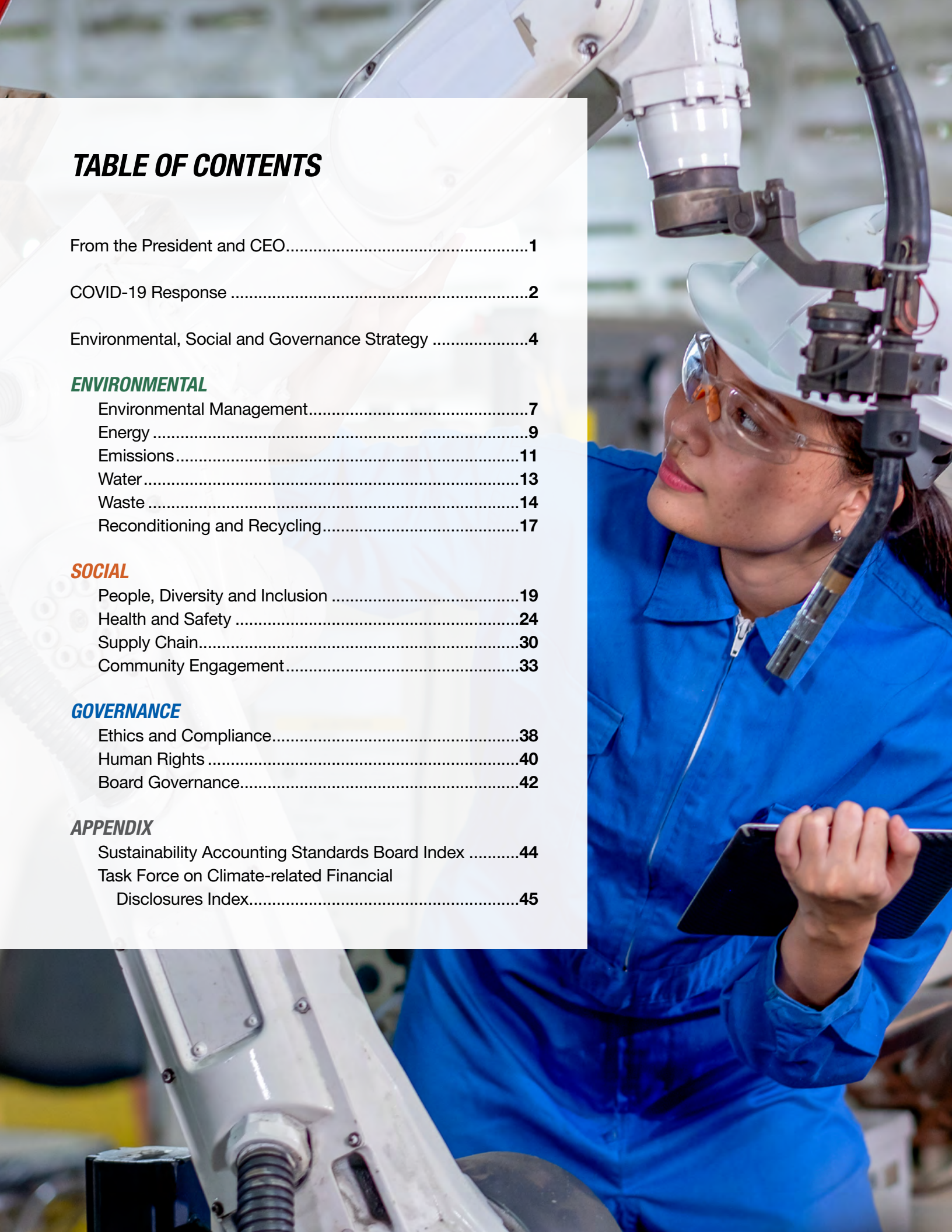
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# FROM THE PRESIDENT AND CEO

Dear Kennametal Stakeholders:

I am pleased to present Kennametal's Environmental, Social and Governance (ESG) Report. Fiscal 2021 was a critical year in our ESG journey, as we refined our environmental, health and safety initiatives, made progress on our diversity and inclusion (D&I) objectives, and began developing measurable goals that will define our ongoing performance.

Key accomplishments included the following:

- We tailored our ESG strategy to the issues and challenges most relevant to our business. We created an executive-level ESG Steering Committee to oversee and coordinate the strategy and began incorporating it into our corporate strategy review process with our Board of Directors.
- We developed a three-pillar environmental strategy focused on reducing greenhouse gas emissions throughout our supply chain, eliminating higher environmental risk chemicals and practices, and developing compliance systems to ensure business continuity. This strategy is supported by refined objectives and a newly created Environment, Health and Safety (EHS) Roadmap, which formalizes and communicates our long-term EHS vision and the path to achieve it.
- To advance and elevate D&I, we launched an enhanced strategy focused on four strategic pillars — awareness, acquisition, development and community. We also created a Global Inclusion Council to champion our D&I strategies and initiatives, which are being driven by four new regional inclusion councils.
- The modernization of our factories not only helped us capture additional reductions in energy consumption and water usage, it also gave us the opportunity to invest in our workforce and prepare them for the future of automation. Our employees learned new skills critical to operating automated equipment and, at the same time, we have added critical technical talent to our bench.



Our ongoing initiatives, which are aimed at reducing our environmental footprint, keeping our employees healthy and safe, and simplifying and modernizing our operations, delivered measurable results in fiscal 2021. We saw reductions in our emissions, energy consumption and landfilled waste. In addition, our total recordable incident rate was 12 percent lower than the prior fiscal year and 87 percent below our industry's average rate.

We also continued our efforts to protect employees from COVID-19 while serving customers and protecting our communities. We had zero cases among our employees that were deemed work related during fiscal 2021, and we encouraged our employees to get vaccinated through our *Give 75% a Shot* campaign.

We have made significant progress in our ESG journey, and I am excited about the opportunities ahead in fiscal 2022. With the support of our employees, I am confident that we will continue making progress with our ESG strategy and meeting the expectations of our stakeholders.

Best regards,

A handwritten signature in black ink that reads "Christopher Rossi". The signature is fluid and cursive.

Christopher Rossi  
President and Chief Executive Officer

# COVID-19 RESPONSE

**A primary goal in fiscal 2021 remained keeping our employees and their families safe from COVID-19 while meeting the needs of our customers.**

## Health and Safety

We continued enforcing our strict and comprehensive COVID-19 protocols and processes, including:

- Social distancing;
- Face coverings;
- Enhanced disinfecting and cleaning regimens;
- Quarantining and contact tracing;
- Limited site visitors;
- Work-from-home requirement for non-essential employees; and
- Restricted travel.

Leading our efforts was our COVID-19 Team. This cross-functional group of employees worked closely with our senior leadership in developing COVID-19 protocols, creating an electronic COVID-19 case management and contact tracing system and managing the personal protective equipment (PPE) process for face coverings, disinfectants and other critical supplies.

We worked to decentralize some decision-making in fiscal 2021, giving our regional and plant managers authority to determine response actions based on local conditions while following identified protocols. We also evolved our protocols as COVID-19 guidelines from the U.S. Centers for Disease Control and Prevention (CDC), the World Health Organization (WHO) and other health authorities progressed. For example, we began requiring double-layer masks once guidance indicated this type of mask was more effective at preventing the virus' spread.

In March 2021, we launched the *Give 75% a Shot* campaign to encourage at least 75 percent of our employees to be voluntarily vaccinated. Where we are legally allowed to do so, employees at any location that reach the 75 percent target will be provided with an incentive in the form of award points that are part of our existing reward and recognition program.

The three-pronged vaccine program, which aligned with herd immunity guidance from the CDC, is focused on:

- Educating employees on the vaccine itself, its effectiveness and where to access it locally for themselves and their families. An internal pulse survey helped us identify these as important topics to our employees.
- Encouraging employees to get the vaccine through the team-based incentive program. We also facilitated vaccination clinics for our sites when feasible, including several locations that hosted onsite or local clinic vaccination events open to Kennametal employees and/or their families.
- Respecting that the decision to get vaccinated is a personal one that should be made by each employee in consultation with the employee's doctor.

At the end of fiscal 2021, 53 percent of eligible employees self-reported that they were in some stage of the vaccination process, while six of our sites had reached the 75 percent vaccination target. We will continue our efforts to encourage employees to get vaccinated in fiscal 2022.

Since the global vaccine rollout varies by region, our COVID-19 protocols remained unchanged throughout the fiscal year and continued to serve as an effective way of protecting our employees, their families and communities. As more employees are vaccinated and have that added layer of protection, we will continue to review our protocols and revise as appropriate.

From the start of the pandemic through June 30, 2021, we had 776 confirmed COVID-19 cases among our employees. Based on our thorough contact tracing methods, we determined that none of these cases was deemed work related per the requirements of the U.S. Occupational Safety and Health Administration (OSHA) or other global standards.

## Confirmed COVID-19 Cases

### Non-work-related cases

	Cases
Americas	352
Asia Pacific	227
Europe, Middle East and Africa	197
<b>Total</b>	<b>776</b>

Total cases are as of June 30, 2021.

## Business Continuity

Deemed an essential business by governments around the world, our facilities continued to operate throughout the pandemic unless there was a government-mandated shutdown or we undertook proactive measures, including cleaning or contact tracing, to ensure the safety of our employees.

We instituted flexible work arrangements and work-from-home protocols for employees who could perform their work remotely. We also transitioned much of our talent acquisition and employee learning and development efforts to virtual means to continue enhancing the skills and diversity of our workforce safely and effectively.

To continue executing our EHS strategy during the pandemic, we conducted virtual internal EHS reviews at our locations that focused on critical EHS elements and adherence to COVID-19 protocols. We also worked closely with our suppliers to ensure that we had proper PPE for our employees and our manufacturing processes were not interrupted, resulting in zero production issues due to supply chain constraints.

Despite not being able to meet with our customers in person, we continued to provide support and education through virtual and other COVID-19-safe means.

## Community Outreach

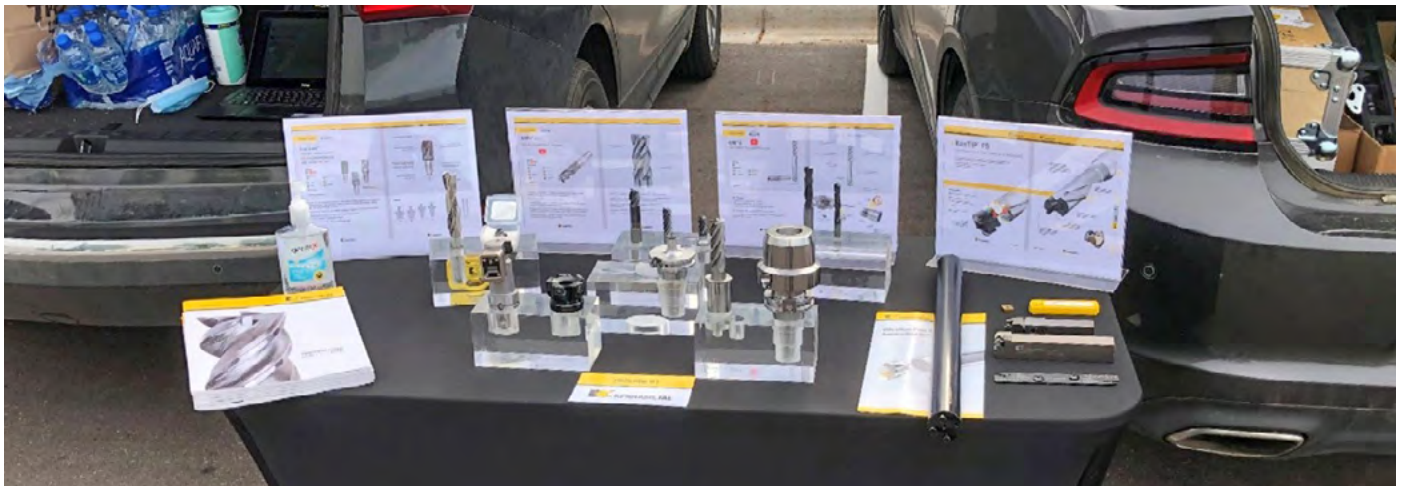
As the pandemic stretched into fiscal 2021, we continued supporting the communities where we operate.

In India, we initially contributed to the government’s relief fund and distributed N95 masks, sanitizers, face shields and other PPE to the police force and hospital staff.

During the devastating second wave of COVID-19 cases in India, we provided nearly \$100,000 in support that included:

- Procuring and distributing 18 oxygen concentrators, 10,000 N95 masks, 25,000 triple-layer masks, 500 oximeters and 1,000 face shields to key government hospitals;
- Providing four each of the following to a private hospital near our facility: ICU beds, oxygen concentrators, cardiac beds and bedside cabinets;
- Donating 16 oxygen concentrators to several other government hospitals and 416 home quarantine kits for low-income households in Bangalore through United Way India; and
- Providing hand sanitizer, thermal scanners, sanitizer dispensers, oximeters and face shields to first responders and low-income workers.

In June 2021, we also partnered with the United Way to provide U.S. employees with an opportunity to donate to the India COVID-19 Relief Fund. The company matched the employee donations.



At outdoor Tailgate Tool Shows for customers, our commercial team safely showcased our innovative products, discussed opportunities for savings and assisted in project planning.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGY

**We are committed to incorporating our ESG strategy into all aspects of our business and operational strategy for the benefit of all stakeholders. It is through this strategy that we demonstrate our commitment to live our values at work and in our global communities.**

Since outstanding ESG performance directly supports our business objectives and contributes to our long-term success, our strategy is designed to proactively identify and mitigate ESG risks and capture opportunities that benefit our stakeholders.

Throughout fiscal 2021, we worked to mature our ESG strategy and framework through a collaborative and cross-functional process that engaged internal stakeholders across our organization. We also incorporated external stakeholder input through our investor engagement activities, community engagement, benchmarking of our peers and research into industry ESG best practices. The result is an ESG strategy that is tailored to the issues and challenges most relevant to our business, as outlined in our updated ESG framework.

We began incorporating the ESG strategy into our corporate strategy review process with our Board of Directors during fiscal 2021. Business segment leaders identified where and how their respective strategies support our ESG strategy and associated goals. The Board of Directors and executive leadership team are committed to continuing to mature this process to ensure our ESG strategy is fully integrated into our corporate business and operational strategy development process.

To ensure the appropriate involvement and oversight of our ESG strategy, we formalized an ESG Steering Committee comprising a cross-functional team of employees. This committee will oversee and coordinate our ESG strategy to ensure it is driven into our overall corporate strategy and objectives at the C-suite and Board levels. The committee is co-chaired by our Vice President, Secretary and General Counsel and our Vice President and Chief Administration Officer.

We also amended the charter of our Nominating/Corporate Governance Committee of the Board of Directors to formalize this committee's oversight of our ESG strategy, maturity path and associated initiatives.

Our cross-functional ESG working team is responsible for implementing and executing our ESG strategy. It regularly reports on its progress to the ESG Steering Committee and the Nominating/Corporate Governance Committee to solicit feedback and ensure overall alignment, good governance and continuous improvement.

During our fiscal 2021 ESG planning activities, we identified the following priority areas within our strategy that required added focus given the nature of our operations and the historic demographics of our manufacturing workforce:

- Reducing greenhouse gas contributions from operations; and
- Expanding diversity and inclusion initiatives and demographic disclosures.

As an expansion of this initial work, we will be conducting a formal materiality analysis in fiscal 2022 and will share the results in our next ESG Report. This materiality analysis will help inform our primary ESG strategic areas of focus in the future.



# ESG FRAMEWORK

## ENVIRONMENTAL

### Reduce

We prioritize the reduction of greenhouse gas emissions associated with our global manufacturing footprint and supply chain, as well as business-related travel.

### Eliminate

We focus on the beneficial reuse of waste materials to reduce landfill disposal and the elimination of high-risk chemicals used in our manufacturing operations.

### Develop

We deploy standardized best practices and programs across our global operations to mitigate environmental impact while strengthening our business continuity position.

## SOCIAL

### People

We focus on diversity, inclusion, talent development and training programs for our employees to promote a culture of equity and 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 define the guiding principles for our employees to conduct their work responsibly and in accordance with our core values and cultural beliefs.

### Governance

We value strong governance, ethical behavior and transparency, which support a culture of integrity and trust with our stakeholders.

### Leadership

Our executive leadership team and Board of Directors are committed to incorporating our ESG strategy into our overall corporate strategy and growth plans.



# ***ENVIRONMENTAL***





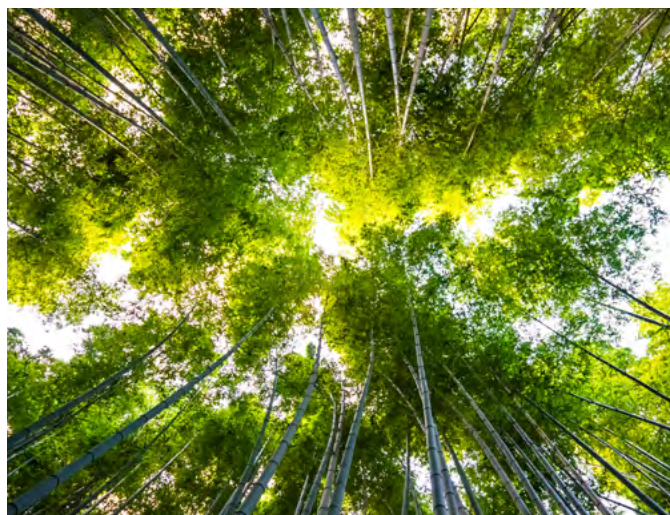
# ENVIRONMENTAL MANAGEMENT

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

In fiscal 2021, we formalized an environmental strategy that is focused on our most material environmental issues for our operations worldwide. The strategy, which will be implemented in fiscal 2022, consists of the following three pillars:

- **Reduce** greenhouse gas emissions throughout the supply chain;
- **Eliminate** higher environmental risk chemicals and practices; and
- **Develop** compliance systems to ensure business continuity.

Each pillar will be supported with specific goals.



## Kennametal Environmental Strategy

	Reduce	Eliminate	Develop
Focus	Greenhouse gas emissions throughout the supply chain	Higher environmental risk chemicals and practices	Compliance systems to ensure business continuity
Goals	<ul style="list-style-type: none"> <li>• Install energy monitors at critical sites worldwide and establish baseline to set long-term targets.</li> <li>• Establish baseline for reduction in fleet emissions and set long-term target.</li> <li>• Establish baseline for conversion to carbon-free energy sources in the U.S and set long-term target.</li> <li>• Conduct inventory of water use to determine future reduction opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• Determine baseline year and set targets for production waste redirected to non-landfill in the U.S.</li> <li>• Evaluate the potential to eliminate one on-site landfill.</li> </ul>	<ul style="list-style-type: none"> <li>• Deploy systemic environmental compliance system globally by end of FY22.</li> </ul>

Another cornerstone of our environmental stewardship is the employee-driven Protecting Our Planet (POP) initiative. A committee reviews and selects key improvement projects that are submitted by our sites and fall into 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 completed more than 350 POP projects. We share these best practices globally through our network of EHS professionals, a designated energy champion at each location and our POP best practices library.

**Protecting Our Planet Projects**

*Fiscal 2008 to 2021*

Category	Number of Projects
Energy conservation	172
Recycling and paper conservation	28
Waste reduction	39
Air emissions reduction	11
Water conservation	27
Community	45
Process/system improvement	29

Our ongoing companywide simplification/modernization initiative is 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.

We implemented EHS management software that enables increased tracking and reporting of our key metrics, compliance requirements and incidents at each location, regional and business segment level. We used this information to establish our critical areas of focus and environmental goals in fiscal 2021. We also use this data to prioritize annual EHS compliance initiatives and standards, where we rank the EHS performance of all locations. After this prioritization process, we audit the locations with the highest compliance risk against internal and regulatory requirements and work with them to put systems in place to close the gaps.

In fiscal 2021, we completed the rollout of our EHS roles and responsibilities for employees at all levels of the organization. These roles and responsibilities outline clear actionable expectations for employees to help drive EHS, sustainability and culture integration.



*Kennametal employees planted 20 trees at our location in Bangalore, India, in celebration of 2021 World Environment Day.*

# ENERGY

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

Some 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.

In fiscal 2022, we will launch an energy-metering strategy to optimize existing air compressor systems. The focus will be on leak detection and monitoring of equipment to ensure efficient energy usage. We plan to expand this metering strategy to other manufacturing processes to help drive sustainable energy efficiency and continued evolution of overall plant optimization.

We continued to leverage our existing energy-reduction playbook to prioritize energy optimization opportunities and integrate learnings with our locations globally. We also expanded our energy champion role into a full sustainability champion who is responsible for helping identify and implement reduction opportunities for energy, greenhouse gas (GHG) emissions, water and waste.

## Energy Consumption

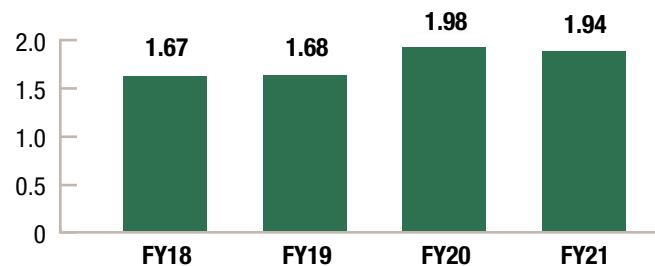
Millions of Gigajoules

	Electricity	Natural Gas	Total
FY18	1.38	0.45	1.83
FY19	1.40	0.44	1.84
FY20	1.28	0.51	1.79
FY21	1.21	0.44	1.65

Data changes from prior reporting are due to refinements to our data-collection process. For our electricity usage, 100 percent is from the grid.

## Energy Intensity

Kilowatt hours per piece produced



## CASE STUDY

### Energized for Savings

From upgrading equipment to detecting leaks, two of our locations in Germany undertook POP projects to reduce both their energy consumption and costs in fiscal 2021.

Our Königsee location engaged an external expert to evaluate and analyze the plant's entire compressed air piping system using an ultrasonic detection device. The initiative identified 65 leaks, which will lead to an annual savings of approximately

73,000 kWh and \$14,000 in energy consumption once all are addressed.

Additional projects at our German locations included replacing 30 mercury lightbulbs with LED lighting at our Mistelgau plant, saving 14,800 kWh and \$3,000 annually. Three upgraded pumps at our Nabburg location realized a 66 percent improvement in their energy efficiency. The project is expected to save 6,300 kWh in energy use annually.



*A pump before (left) and after an upgrade project at our Nabburg location*

# 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 are GHGs. As we continue to invest in and develop our EHS management software, we plan to capture and track more comprehensive GHG emissions data that we will use to set appropriate targets at the location, business and global levels.

We have committed to continuous evaluation of the generation sources of our electrical energy to convert to carbon-free sources where feasible. We took a major step toward this commitment during fiscal 2021 (see the case study).

Our global direct GHG emissions in fiscal 2021 totaled 27,000 metric tons, which was a 13 percent reduction from the prior fiscal year. Our GHG emissions intensity remained relatively flat during the same period.

Primary factors contributing to the declines were energy-efficiency projects, modernization projects being fully realized and some facilities working on reduced shifts due to pandemic impacts.

## Greenhouse Gas Emissions

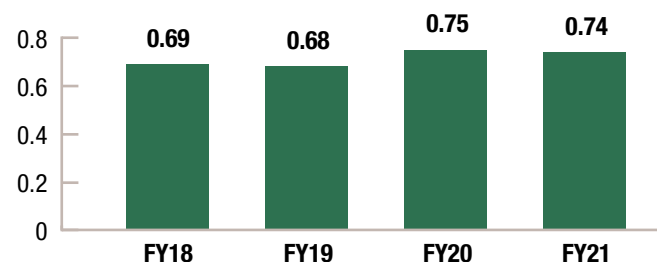
*Thousand metric tons of carbon dioxide equivalents*

	Direct (Scope 1)	Indirect (Scope 2)	Total
FY18	27	185	212
FY19	27	180	207
FY20	31	158	189
FY21	27	147	174

*Data changes from prior reporting are due to refinements to our data-collection process.*

## Greenhouse Gas Emissions Intensity

*Kilograms of carbon dioxide equivalents per piece produced*



*Since early 2018, our site in Bangalore, India, has sourced 80 percent of its required energy from a nearby solar farm, significantly lowering its GHG emissions.*

## CASE STUDY

### Cutting Carbon

Three of our critical U.S. locations are serving as the vanguards of our commitment toward carbon-free energy sources.

Historically, our Cleveland, Orwell and Whitehouse locations in Ohio used electric power generated from coal. After evaluating energy providers, the locations entered into a partnership with Energy Harbor to have 100 percent of their energy generated from one of three nuclear plants in Ohio and Pennsylvania.

The switch to carbon-free nuclear energy eliminates a combined 12,260 metric tons of GHG emissions each year.



# 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. We continually evaluate our processes for optimization, reduction and risk-elimination opportunities.

In fiscal 2021, for example, our Bangalore facility in India eliminated a black oxide coating process that had the potential to negatively impact groundwater. Local government agencies recognized the facility for its achievement.

We require each facility to report its water withdrawn and analyze its water metrics on a periodic basis to identify reduction opportunities and potential issues, such as leaks. Since this requirement went into effect in fiscal 2020, we

have further refined our data-collection process. As a result, we have adjusted our fiscal 2020 numbers to reflect significantly less water withdrawn than previously reported.

In fiscal 2021, we withdrew approximately 208 million gallons of water from municipal and groundwater sources.

## Water Withdrawn by Source

*Millions of gallons*

	Municipal	Groundwater	Total
FY20	183	22	205
FY21	187	21	208

# WASTE

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

Our refining operations produce our highest volume of waste, which includes filter cakes, metal scrap and sludges. Metal scrap is our second largest waste by volume and originates in all business segments.

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 and other non-landfill options, such as incineration and waste-to-energy feed. We will be increasing these efforts in fiscal 2022.

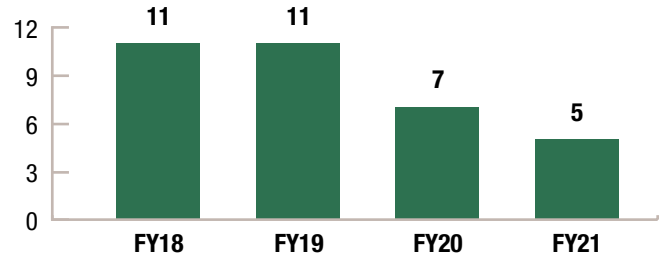
We have made significant progress in redirecting our waste from cutting, machining and grinding metal back into our operations by reprocessing scrap, fluids and sludges into tungsten feedstock.

All of these efforts, as well as recent plant consolidations and reduced production in fiscal 2021 due to COVID-19, resulted in a 29 percent decline in landfilled waste compared to fiscal 2020 and a 55 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

Thousand metric tons

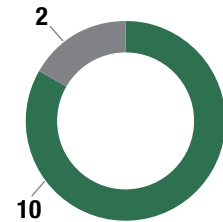


Data changes from prior reporting are due to the addition of on-site landfilled materials and refinements to our data-collection process.

## FY21 Waste by Type

Thousand metric tons

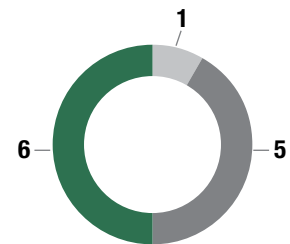
- Non-hazardous
- Hazardous



## FY21 Waste by Top Disposal Methods

Thousand metric tons

- Recycled/reused
- Landfilled
- Wastewater treatment





## 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



## CASE STUDY

### Diverting Waste from the Landfill

Determined to reduce its environmental impact and minimize landfilled waste, our location in Belleville, Ontario, Canada, has reached beyond traditional recycling to find beneficial reuse options for a number of its key wastes.

An initial effort involved partnering with a local cement manufacturer, which now uses the location's foundry waste sand as an alternative raw material. This initiative diverts 103 metric tons of waste from the onsite registered landfill annually.

The facility formed a second partnership with a company that extracts metals and other by-products from Belleville's collected baghouse dust for reuse using a proprietary process that has zero residual waste and zero discharges. The process eliminated 68 metric tons of the waste from being sent to an offsite municipal landfill over two years.

Belleville also actively sought opportunities to convert its waste into energy by further separating its waste streams into individual recyclable elements, such as liquid industrial waste from aerosol cans and sorbent socks used to soak up oil and water-based coolants. Flammable and combustible wastes are now comingled with other industrial waste, which is incinerated by a third party to produce green energy.

The waste-to-energy initiative reduced Belleville's offsite landfilled waste by 294 pounds (133 kilograms) and 3,000 gallons in fiscal 2021, with future reductions anticipated to be significantly higher.



*Baghouse dust collection system*

# 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, retipping 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.

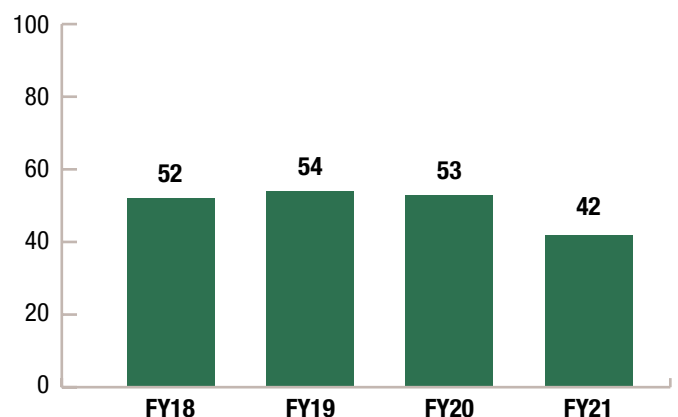
We purchase solid and sludge carbide scrap from customers and third parties, and we also recycle our internal scrap. Through our Green Box™ recycling program, customers send their solid scrap to us in a recyclable container that we provide. We also have a web-based buy-back program to purchase scrap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

We handle the majority of our recycling internally, 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 can reach their full potential by providing a supportive and inclusive environment where all people and perspectives are respected.**

## Diversity and Inclusion

We value diversity in all forms and are fully committed to inclusion in the workplace.

In fiscal 2021, we developed a robust strategy and supporting infrastructure to elevate and advance D&I across our global organization and instill accountability for our performance.

The enhanced D&I strategy focuses on four strategic pillars — awareness, acquisition, development and community. To drive action and accountability, each pillar is led by a senior Kennametal executive who is known as an accountability partner and is responsible for developing strategic initiatives in partnership with our People & Culture team.

Our new Global Inclusion Council, which consists of cross-functional global leaders, champions the strategic initiatives and provides guidance and support. Four regional inclusion councils covering the Americas, Asia Pacific (APAC), Europe, Middle East and Africa (EMEA), and India execute the strategies and provide a global perspective.



During the fiscal year, our senior leaders went through inclusive leadership training, including building shared awareness, unconscious bias and building accountability, to further strengthen their skillsets and underscore their commitment to D&I.

While the pandemic presented challenges in implementing the strategy in fiscal 2021, we made strides in each pillar.

## 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
FY21	1,485	17.2	7,150	82.8	8,635

*Numbers are calculated based on fiscal year-end numbers and include full-time and part-time employees. Temporary and contract employees are excluded.*

## 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
FY21	22.2	42.9	24.0	11.5

*Numbers are as of the end of the fiscal year.*

## FY21 U.S. Employee Diversity

	U.S. Employees	Percent of U.S. Employees	U.S. Professional Employees	Percent of U.S. Employees	Percent of U.S. Professional Employees	U.S. Production Employees	Percent of U.S. Employees	Percent of U.S. Production Employees
<b>Gender Diversity</b>								
Male	2,236	77.6	903	31.4	75.7	1,333	46.3	79.0
Female	644	22.4	290	10.1	24.3	354	12.3	21.0
<b>U.S. Ethnic Diversity</b>								
African American	243	8.4	27	0.9	2.3	216	7.5	12.8
American Indian/ Alaskan Native	18	0.6	4	0.1	0.3	14	0.5	0.8
Asian	81	2.8	48	1.7	4.0	33	1.1	2.0
Caucasian	2,286	79.4	1,035	35.9	86.8	1,251	43.4	74.2
Latino	91	3.2	25	0.9	2.1	66	2.3	3.9
Native Hawaiian or Other Pacific Island	5	0.2	1	0.0	0.1	4	0.1	0.2
Two-plus	23	0.8	7	0.2	0.6	16	0.6	0.9
Not declared	133	4.6	46	1.6	3.9	87	3.0	5.2

## FY20 U.S. Employee Diversity

	U.S. Employees	Percent of U.S. Employees	U.S. Professional Employees	Percent of U.S. Employees	Percent of U.S. Professional Employees	U.S. Production Employees	Percent of U.S. Employees	Percent of U.S. Production Employees
<b>Gender Diversity</b>								
Male	2,327	76.9	937	31.0	74.5	1,390	46.0	78.7
Female	698	23.1	321	10.6	25.5	377	12.5	21.3
<b>U.S. Ethnic Diversity</b>								
African American	239	7.9	25	0.8	2.0	214	7.1	12.1
American Indian/ Alaskan Native	17	0.6	4	0.1	0.3	13	0.4	0.7
Asian	78	2.6	47	1.6	3.7	31	1.0	1.8
Caucasian	2,448	80.9	1,099	36.3	87.4	1,349	44.6	76.3
Latino	94	3.1	27	0.9	2.1	67	2.2	3.8
Native Hawaiian or Other Pacific Island	5	0.2	2	0.1	0.2	3	0.1	0.2
Two-plus	20	0.7	7	0.2	0.6	13	0.4	0.7
Not declared	124	4.1	47	1.6	3.7	77	2.5	4.4

## FY19 U.S. Employee Diversity

	U.S. Employees	Percent of U.S. Employees	U.S. Professional Employees	Percent of U.S. Employees	Percent of U.S. Professional Employees	U.S. Production Employees	Percent of U.S. Employees	Percent of U.S. Production Employees
<b>Gender Diversity</b>								
Male	2,583	77.7	1,070	32.2	76.2	1,513	45.5	78.8
Female	741	22.3	335	10.1	23.8	406	12.2	21.2
<b>U.S. Ethnic Diversity</b>								
African American	251	7.6	30	0.9	2.1	221	6.6	11.5
American Indian/ Alaskan Native	19	0.6	4	0.1	0.3	15	0.5	0.8
Asian	84	2.5	51	1.5	3.6	33	1.0	1.7
Caucasian	2,727	82.0	1,231	37.0	87.6	1,496	45.0	78.0
Latino	108	3.2	35	1.1	2.5	73	2.2	3.8
Native Hawaiian or Other Pacific Island	6	0.2	3	0.1	0.2	3	0.1	0.2
Two-plus	19	0.6	7	0.2	0.5	12	0.4	0.6
Not declared	110	3.3	44	1.3	3.1	66	2.0	3.4

## FY18 U.S. Employee Diversity

	U.S. Employees	Percent of U.S. Employees	U.S. Professional Employees	Percent of U.S. Employees	Percent of U.S. Professional Employees	U.S. Production Employees	Percent of U.S. Employees	Percent of U.S. Production Employees
<b>Gender Diversity</b>								
Male	2,637	78.3	1,047	31.1	77.0	1,590	47.2	79.2
Female	731	21.7	313	9.3	23.0	418	12.4	20.8
<b>U.S. Ethnic Diversity</b>								
African American	242	7.2	31	0.9	2.3	211	6.3	10.5
American Indian/ Alaskan Native	16	0.5	3	0.1	0.2	13	0.4	0.6
Asian	84	2.5	48	1.4	3.5	36	1.1	1.8
Caucasian	2,787	82.7	1,203	35.7	88.5	1,584	47.0	78.9
Latino	114	3.4	27	0.8	2.0	87	2.6	4.3
Native Hawaiian or Other Pacific Island	5	0.1	3	0.1	0.2	2	0.1	0.1
Two-plus	14	0.4	4	0.1	0.3	10	0.3	0.5
Not declared	106	3.1	41	1.2	3.0	65	1.9	3.2

## Culture

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.

In support of our mission and vision, we also launched the Kennametal Way in fiscal 2020 to transform our company culture. The strategy encompasses five cultural beliefs and the underlying behaviors required of each employee to achieve our business results. The goal is to build a culture of accountability, reinforce that each person is important to the organization and ensure all employees are advancing the company in the same direction.



**Customer First**

I deliver exceptional customer experience.

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**Everyone Matters**

I collaborate across the enterprise with trust and respect.

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**Own It**

I act to drive and execute our strategy.

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**Be Bold**

I make courageous and informed decisions with speed while managing risk.

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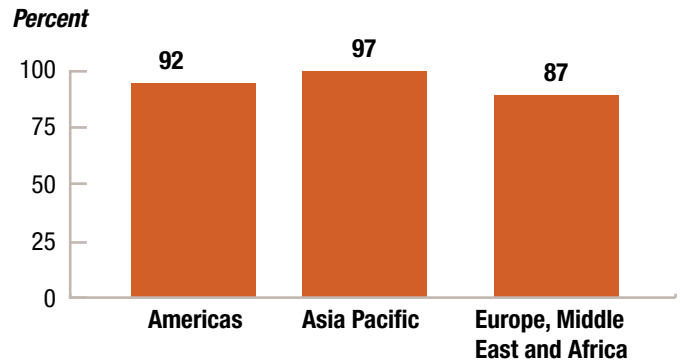
**Focus Now**

I prioritize time, talent and resources to maximize our key results.

As part of The Kennametal Way rollout, we launched online and in-person training to reach all employees globally. We completed the training for our professional employees in fiscal 2021, and we will train our production employees in fiscal 2022.

We are also embedding the culture into our business practices using a series of tools focused on feedback, problem-solving, assessment, focused recognition and focused storytelling.

## Employees Completing Culture Training



Data is as of June 30, 2021.

## Engagement

Taken together, our mission, vision, values and culture create an environment where employee engagement can thrive. Research shows that engaged employees are more satisfied, productive and connected to their company.

We conducted our “Be Heard” employee engagement survey in September 2020, achieving a 70 percent response rate. Our overall average engagement score was 64, with a percent favorable result of 55. The latter was down six percentage points from our prior survey in 2018. We expected a lower score this year given the level of uncertainty and changes that we were experiencing from the COVID-19 pandemic.

As a follow-up to the survey, we tasked all people leaders to create an action plan focused on one or two goals to advance decision-making within their teams and any other important team engagement goals. We also conducted four short pulse surveys during fiscal 2021 to check on progress and/or opinions. Each survey focused on a specific topic — decision-making, COVID-19 distress, COVID-19 vaccinations and workforce flexibility.

In June 2021, we conducted a second full “Be Heard” survey to gauge our overall progress in employee engagement. With a response rate of 74 percent, the June survey indicated that we continue to make progress in engagement scores across our global production and professional workforce. Our average engagement score increased two percentage points, while our percent favorable increased three percentage points. We also made progress in the three categories that we focused on, with this improvement ranging from one to four points in each.

Another indicator of our employee engagement is our turnover rate, specifically voluntary turnover. In fiscal 2021, our voluntary rate of 7.5 percent was above the prior fiscal year’s rate of 6.0 percent.



## Turnover Rate

Percent

	Involuntary	Voluntary	Overall
FY18	2.6	6.1	8.7
FY19	3.1	5.9	9.0
FY20	6.0	6.0	12.0
FY21	4.2	7.5	11.7

Data changes from prior reporting are due to new classification criteria for involuntary and voluntary turnover.

## Learning and Development

Continuous employee growth and development is essential to enable our company to grow.

To that end, we offer learning and development opportunities for all employees. In fiscal 2021, this included training for senior, mid-level and emerging leaders as well as role- and function-specific skills, such as project management, process improvement and sales effectiveness. We also offered our operational employees technical training through the Kennametal Knowledge Center.

Our simplification/modernization initiative has created opportunities to build new skills and knowledge within our workforce. Since fiscal 2020, our employees have completed more than 50,000 hours of training to support the new modernized equipment and automated processes. We also continue to invest in diverse talent and employees with technical competencies in engineering, data science, plant leadership and maintenance.

Supporting our learning and development efforts is our new OneTeam learning management system. Available in multiple languages, OneTeam offers more than 2,800 online courses in an easy-to-use interface. Our employees completed 12,890 hours of training using the system in fiscal 2021.

We also initiated a comprehensive overhaul of our development programs, with the new approach focusing on the following:

- Individual development;
- Leadership development;
- Business- and operations-focused content;
- Sales-focused content; and
- D&I content.

We rolled out the new Operations Leadership program, which focuses on growing and developing leaders for plant manager and other operations leader positions, in late fiscal 2021. We will be launching other programs in fiscal 2022.

## 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 (KKC), 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. During the COVID-19 pandemic, we also developed and offered online remote training, including virtual lab machining demonstrations.

Our training is brand independent and delivered in the local language. It combines theory and best practices with the latest tooling and manufacturing strategies.

During fiscal 2021, our global team conducted 17 instructor-led training sessions for 809 participants following all COVID-19 safety protocols. Our online training reached 10,385 people during the fiscal year, and 65 people completed the CMP program.

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



**Tamir Sherif, KKC program manager for Europe, Middle East and Africa, conducts online training during the pandemic.**

# HEALTH AND SAFETY

**Safety, including the health of our employees, is a core value of our company.**

We are committed to developing a world-class health and safety culture that targets zero injuries and illnesses. Our health and safety strategy 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 EHS culture.

## Health and Safety Strategy



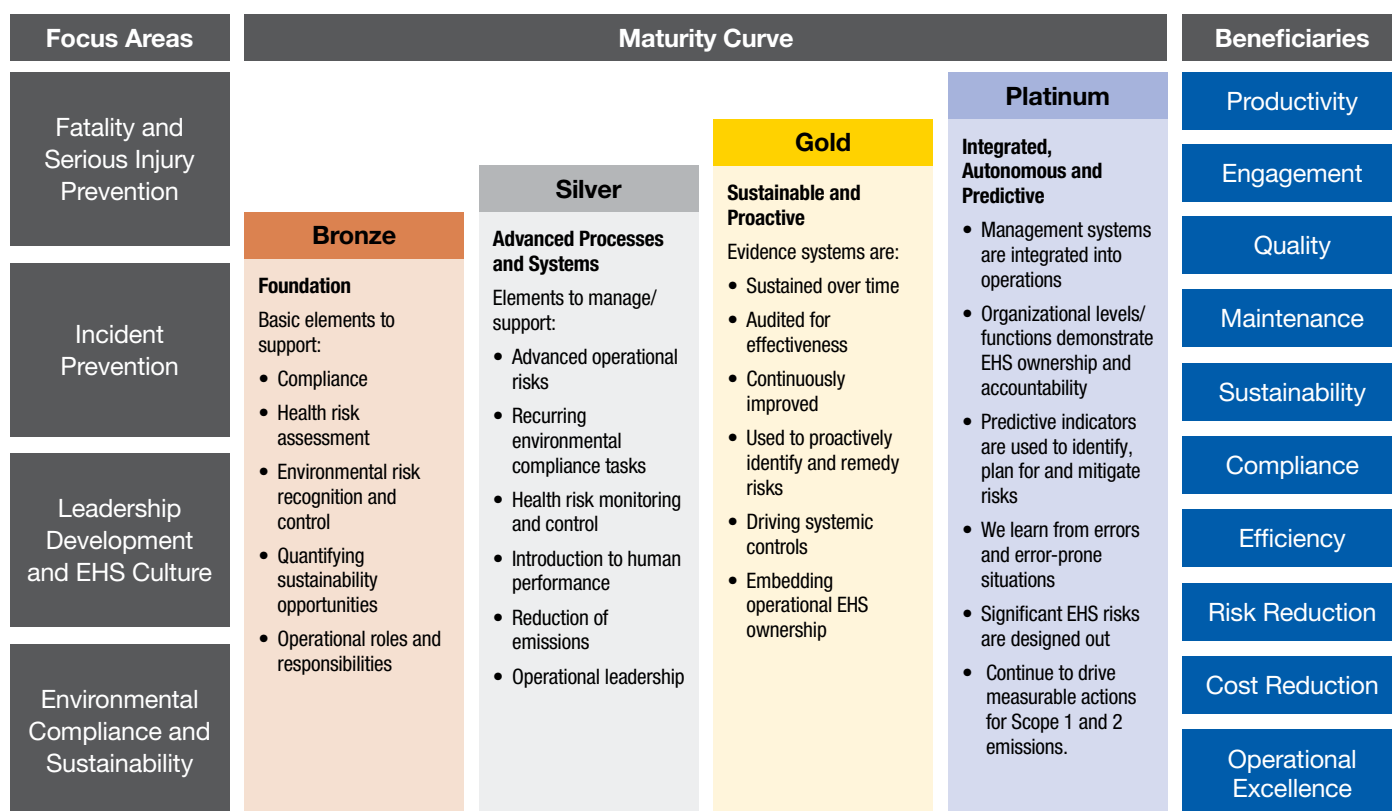
In fiscal 2021, we developed our EHS Roadmap to formalize and communicate our shared long-term vision and the path to achieve it. All aspects of our business benefit when we execute effectively against the roadmap.

The roadmap's focus areas represent our three health and safety strategic pillars with the addition of environmental compliance and sustainability. These four focus areas are the lenses through which we prioritize our efforts.

The roadmap's maturity curve covers the following four stages that each location, and ultimately the company, will move through on our journey:

- **Bronze:** Ensure the foundation is set for basic compliance and begin to build risk recognition skills and operational engagement.
- **Silver:** Progress into using more advanced processes, systems and thinking to mitigate our EHS risks and engage our people.
- **Gold:** Work on the sustainability of those practices and further embed EHS ownership throughout the organization to proactively identify and control our risks.
- **Platinum:** Ultimately seek to drive an integrated, autonomous and predictive world-class EHS culture.

## EHS Roadmap



We use the roadmap as a compass. It guides our overall strategy and influences the standards and programs on which we need to focus and how they evolve over time. It becomes the backbone of our annual planning process as we assess current condition, define the mid-term target condition and establish actions and metrics to drive performance.

In addition to the roadmap, we are working to align the self-assessment and validation process for our EHS standards to the global Kennametal Operating System (KOS) Process Assessment. This will drive better connection between operational excellence and EHS, with a plant’s KOS score including both an operating system and EHS component. Each of the guiding, planning and assessment steps acts as a feedback loop as we strive to continuously evaluate, adjust and improve our EHS performance and culture.

In fiscal 2022, we will pilot the EHS portion of the KOS Process Assessment at an operating location, finalize the approach and then roll it out to all operating locations globally.

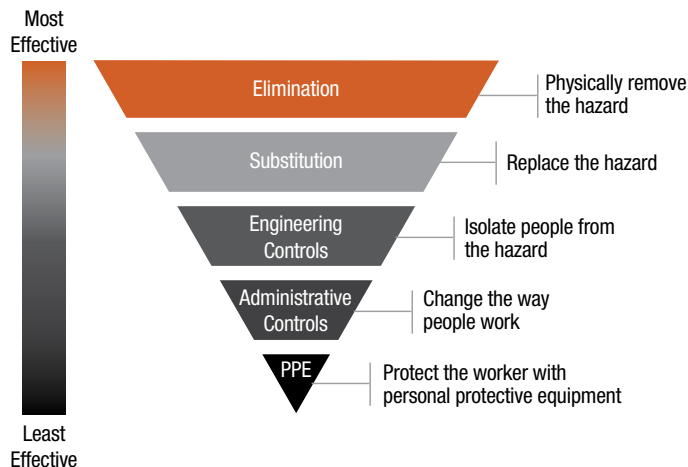
### FSI Prevention

An FSI is any work-related incident, risk or unsafe condition that results in — or has the potential to result in — a fatal, life-threatening, or life-altering injury or illness. In fiscal 2021, our top three FSI risks were different-level falls, electrical and machine guarding.

Our FSI prevention standard requires each location to have a cross-functional FSI team, which is tasked with proactively identifying FSI risks and creating an action plan to mitigate or eliminate each identified FSI risk. Our corporate-wide goal is zero past-due corrective actions, and we require all unacceptable FSI risks to be eliminated or mitigated within 24 hours of identification.

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.

## Hierarchy of Controls



In fiscal 2021, we required the teams to identify at least one FSI risk per month for their location. Collectively, they proactively identified an average of 95 risks per month during the fiscal year and eliminated or mitigated all unacceptable risks within 24 hours.

To better identify specific risks that have a higher fatality potential in our operations, we implemented a virtual EHS walkthrough process in fiscal 2021. Members of our corporate EHS staff join employees at a location for a live video tour that is led by the plant manager.

The tour focuses on active production areas where we can observe people and equipment interacting in daily operations. This helps identify common risks that may be overlooked by those working in the area.

We use the tour to increase hazard recognition skills, provide coaching and assist in the identification of effective controls. In fiscal 2022, we plan to implement a semi-monthly EHS-focused walkthrough for leadership as part of leader standard work. We will provide FSI-focused hazard identification checklists for use in the tours to supplement leader coaching, hazard recognition and control, and shop floor engagement around FSI.

Our corporate health and safety experts also 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 2021, 16 percent of all reported events and risks were FSI-related. In addition, 99 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.

## FY21 FSI Performance

FSI Actuals	FSI Risk Identification Target	FSI Risks Identified	FSI Risks Mitigated	Past-Due FSI Corrective Actions
0	456	1,057	1,057	0

## Incident Prevention

In addition to eliminating FSI risks, we strengthened our efforts to prevent overall injuries and illnesses in our operations during fiscal 2021.

Actions and initiatives included the following:

- Each location identified the top two 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 one near-miss event per month or a minimum of three per quarter during the fiscal year.

- We enhanced visibility into our metrics by developing real-time EHS dashboards within our electronic EHS management system at the plant, business and global levels.
- Our Find and Fix initiative encouraged and empowered employees to identify and fix issues related to health and safety 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 32 percent since fiscal 2018.

- As part of our company's overall modernization initiative, we use 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. In fiscal 2021, we enhanced the site acceptance testing portion of this process.
- We use 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. In fiscal 2021, we added stop work recognition to our monthly global FSI meeting to highlight an individual who had stopped for safety.
- 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. In fiscal 2022, we will be launching a series of hazard recognition checklists to bolster this process.
- We continued developing our occupational health program focused on industrial chemical exposure. We initiated industrial hygiene qualitative exposure assessments for all North American locations in fiscal 2021. We also prepared existing global industrial hygiene data for upload to an electronic industrial hygiene management system in fiscal 2022.

The target for our total recordable incident rate is zero, and we continue working to reduce risk and injury potential through our proactive risk-reduction efforts. In fiscal 2021, we achieved a 12 percent reduction in our total recordable incident rate compared to the prior fiscal year.

## 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
FY21	0	0	32	0.37	802	9.34

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.

In fiscal 2021, we strengthened our contractor safety process by coaching project leaders, EHS staff, plant leadership and sourcing staff on the effective use of the process for active contractor work. We also completed the North American pilot of an electronic contractor safety management system and worked to enhance the system to manage and increase visibility into contractor requirements at the project level. We rolled out the enhancements in North America during the fourth quarter of fiscal 2021 and look to expand the use of the electronic system globally in fiscal 2022.

Under our contractor safety 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 collaborate to complete an EHS plan that identifies potential risks associated with the planned work and the means to mitigate those risks. The plan also identifies the training and personal protective equipment required for the contractor's employees for the specified job. Supplementing the plan is our job safety analysis tool, which captures daily changes in conditions and task-specific nuances during the work's execution.

The contractor safety 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 EHS plan and job safety analysis and also enable the identification and mitigation of any new risks.

**Leadership Development and EHS Culture**

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

Our guidelines on specific health and safety roles and responsibilities for employees at every level cover 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 require each employee to include a health and safety objective within his or her annual performance plan. An engineer, for example, may have had an objective to improve guarding on a specific piece of equipment.

Part of our effort to create a compliance focus is having corporate standards for our six critical risks. In addition to contractor safety, the standards cover fall controls, lockout/tagout/verification, powered industrial vehicles, electrical safety and machine guarding/robotics. We will complete the rollout of the standards in fiscal 2022.

Our self-assessment tool, which we are aligning with the KOS Process Assessment, helps our locations ensure these and future standards are implemented correctly and robustly. We have a self-assessment for each standard.

Health and safety training has been handled at the location level with the exception of plant managers, EHS personnel and high-potential leadership candidates. These employees

undergo an onboarding process led by our corporate health and safety staff.

In fiscal 2021, corporate EHS partnered with other functional teams to develop and launch the Operations Leadership Excellence Advancement Program. This program is aimed at providing a multi-faceted development experience for Kennametal leaders to advance their leadership skills and expand their operations expertise. It focuses on operational excellence, cultural transformation, EHS culture and management, and leading teams through change to achieve business results.

As part of this year-long program, participants will receive three hours of EHS training. This will be followed by field exercises and an evaluation by the corporate EHS team, which will be used to coach participants as they demonstrate their ability to effectively apply skills learned in the field.

In fiscal 2021, we also developed e-learning modules for contractor safety, powered industrial vehicles and lockout/tagout/verification that are available in our learning management system for plant use. Additional modules slated for development in fiscal 2022 are machine guarding, fall control, electric and new hire/annual refresher topics. All modules also will be available offline for classroom use globally.

To enhance location training efforts, we launched a common EHS training matrix that includes minimum expectations for topics, target audience and frequency. We also have aligned our North America Infrastructure locations with a third-party service provider to expand their access to training content and learning management tools. In addition, we established a pilot for select Metal Cutting plants to trial an internal learning management system in fiscal 2022. We are exploring opportunities to further expand these training efforts globally.



## CASE STUDY

### Virtual Technology Identifies Real Risks

Even without a global pandemic, traveling to our powder plant in remote La Paz, Bolivia, to conduct an EHS audit is difficult. That is why the location was one of the first selected for our new virtual EHS walkthrough process in fiscal 2021.

An initial hour-long virtual tour and shorter follow-up tours were conducted using cell phones for audio and video. Members of our corporate EHS staff joined the location's EHS analyst, production manager and a number of operators to conduct a walkthrough of specific operating, maintenance and storage areas to observe work in progress, assist the location with hazard recognition and countermeasures, and review adherence to EHS standards and procedures. The group selected the operations and areas based on the potential for risks involving moving parts, machine guarding, hot work, air contaminants and environmental compliance.

The location team streamed video of each piece of equipment, demonstrating how it operates and showing the safeguards in place. The tour also included a look at the working environment, such as vehicle/pedestrian interfaces and walking and working surfaces.

Through open conversation, the location and corporate participants identified several risks to address that included machine guarding, different-level fall hazards, interface with a suspended load and vehicle/pedestrian concerns. The location created an action plan for each risk, implemented immediate layers of protection and then quickly eliminated all hazards. In addition, it launched a proactive industrial hygiene sampling campaign to ensure proper controls are in place and robust.

For remote locations like La Paz, the continued use of virtual walkthroughs beyond the pandemic will facilitate more frequent EHS reviews and opportunities for risk recognition.



## 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 and are in compliance with both. Each supplier also must commit to remaining compliant with all applicable laws pertaining to human trafficking and confirm it is not knowingly engaging in human trafficking in order to participate in Kennametal sourcing events. Our risk assessment and due diligence process further prevents 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 2021, we confirmed that 100 percent of the 3TG raw 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.



## CASE STUDY

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### Greening the Supply Chain

A concerted effort to make our supply chain in India greener is reducing waste, eliminating emissions and advancing the sustainability of not only our operations but those of our suppliers.

Launched in 2019, the green supply chain initiative focuses on three primary actions:

1. Purchase environmentally friendly products;
2. Work with environmentally advanced suppliers; and
3. Reduce transportation for purchased products.

When feasible, we prioritize the purchasing of products that are recyclable, reusable, energy efficient and resource efficient. We also work with our suppliers to help them transition to more environmentally friendly packaging for their products.

To ensure key suppliers share our environmental commitment, we conducted audits of their environmental practices through both a written questionnaire and onsite visits. Key areas evaluated included environmental management system, waste identification and safe disposal, energy-reduction goals and initiatives, and employee training. We worked with suppliers that did not meet our minimum requirements to improve their environmental performance.

We also had a significant initiative to reduce both the distance traveled and frequency of deliveries for materials purchased by our Indian operations. Actions included sourcing domestic suppliers to replace international ones, consolidating multiple orders into a single shipment and lengthening the time between shipments — all without impacting production. Switching to a local supplier of nickel powder from one based in the U.S., for example, eliminated 96,000 travel miles annually.

The logistics changes have reduced annual air shipments by 30 percent, ocean shipments by 45 percent and number of shipments by 45 percent. Minimizing transportation reduces energy consumption and related emissions.

# COMMUNITY ENGAGEMENT

**Accountability is one of our core values, and it 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 our local communities.

## Workforce Development

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

### ***Pittsburgh Technical College (PTC)***

Kennametal Foundation helped fund the Pittsburgh Technical College Manufacturing Lab, which opened in early 2021. The lab features state-of-the-art manufacturing technology for design students to create and bring to life their computerized creations, helping advance student academic learning and foster workforce development. PTC is recognized for its mechanical engineering and architectural engineering technology programs.

### ***Katalyst India***

In fiscal 2021, we partnered with award-winning non-profit [Katalyst India](#) to sponsor the educational expenses of 20 young women from lower-income communities as they complete a four-year professional degree program. Kennametal leaders are also serving as mentors to the participants, and we will be implementing an internship program to help the young women gain practical experience, further enhance their skills and build a professional network.

The program helps prepare participants to step into leadership roles, achieve success and become empowered, creating a wider talent pool and helping bridge the gender divide.

### ***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. Nearly 450 students have graduated from the program since its launch, with two additional school districts joining the program in 2020.

During the program's fall 2020 semester, some of the young engineers in Western Pennsylvania demonstrated their skills by building and launching model rockets as part of a hands-on learning experience.



***PTC Manufacturing Lab***

### STEM Initiatives

We support various science, technology, engineering and mathematics initiatives, 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 2021, we had more than 260 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 in support of workforce development efforts that include scholarships, engineering programs and research projects.

### Kennametal in the Community

We strive to be a good neighbor by supporting our communities 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 2020, these combined contributions totaled nearly \$580,000.

Additional long-term partnerships include Ronald McDonald House Charities in Europe and Sparsha Trust in India.

### 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. While the pandemic

limited activities in fiscal 2021, our employees still found ways to safely contribute their time. Highlights include:

- **Vohenstrauss, Germany:** Plant apprentices and employees collected donations from their colleagues to fill more than 50 boxes with basic necessities for Johanniter Weihnachtsrucker, which is a German charity that supports disadvantaged families, children and the disabled in eastern European countries.
- **Latrobe and Pittsburgh, Pennsylvania:** A group of 22 employees participated in Kennametal's Day of Caring by landscaping and painting a local playground and enhancing the landscape for a homeowner who was unable to handle the property's upkeep.
- **Bangalore, India:** Three employee volunteers delivered company-provided personal protective equipment, sanitizers and dispensers, medicine and masks to government hospitals treating COVID-19 patients, police personnel and municipal office workers.
- **Ebermannstadt, Germany:** The location donated 1,200 euros for the Cycling Without Age project to purchase an electric pedicab to transport senior citizens to various activities in the community.
- **Fallon, Nevada:** In partnership with the United Way of Northern Nevada, plant employees helped deliver nearly 5,000 new books to more than 1,000 pre-kindergarten through third-grade students at local schools in time for the Christmas holiday break.
- **Bangalore, India:** Four employees with our Neralu volunteer group collected donations from their colleagues, procured 400 face shields and 300 pairs of gloves, and personally distributed them to police personnel in five police stations.



*In celebration of Earth Day, 24 employees at our location in Victoria, British Columbia, Canada, conducted a neighborhood clean-up of refuse along the roads and trails near the plant during their lunch break.*

## CASE STUDY

### Bottle by Bottle, Bolivia Team Helps Build a Classroom

Our team in Bolivia is using plastic waste to build a more environmentally responsible and sustainable future for the surrounding La Paz community while reducing waste sent to the landfill.

The location has partnered with the charity EXTEND VERDE to make “ecobricks” from used plastic bottles that are packed tightly with other used plastic. Ecobricks are durable and water resistant and can be used in both short- and long-term building applications, including wall filler in framed structures and furniture. They are one of the easiest and least expensive ways to upcycle post-consumer plastics, since only a bottle, discarded plastic and a stick are needed to make one.

The location’s employees received training on responsible plastics consumption and ecobrick construction, with each employee encouraged to donate at least one ecobrick to the project. EXTEND VERDE will use the ecobricks to build a classroom.



*Ecobricks made by Kennametal employees*



*Example of a classroom built with ecobricks*

## CASE STUDY

### Advancing Literacy, Learning in India

With Kennametal's support, schoolchildren in seven primary and high schools near our operations in Bangalore, India, are expanding not only their reading capabilities but also their computer and science literacy in advanced learning environments.

Our financial support of the [India Literacy Project](#) (ILP) is helping more than 2,300 students in grades four through 10 go beyond the traditional school curriculum through the following initiatives:

- **Multi-dimensional learning spaces (MDLS):** These smart classrooms equip teachers with the computer and audiovisual technology they need — laptop, projector, speaker and more — to conduct learning in the digital age. We also support teacher training and cover the salary for a person to monitor the program.
- **Computer labs:** Students have access to computers to learn basic computer literacy, programming languages and more. Teacher training is also provided by ILP.
- **Science kits:** Offering more than 150 experiments in physics, chemistry and biology, science kits provide a hands-on learning experience for the students. ILP also provides structured teacher training, videos and manuals on the use of the kits.
- **Teacher support:** A computer and science teacher whose salary we sponsor visits the schools regularly to train teachers and teach the children.
- **Library:** ILP provides books in English and Indian languages and teacher training on improving children's reading habits.

“Our school is very well equipped with a state-of-the-art science lab, computer room and audiovisual room, and our teachers are well trained by the India Literacy Project team to run the classes using MDLS successfully,” said B.C. Venugopal, headmaster, Bagalagunte High School. “The students are very happy to learn new things, and they enjoy their lessons taught through the MDLS. The strength of the school is increasing every year, which is undoubtedly due to the facilities provided by Kennametal. Our heartfelt thanks to the Kennametal team for all the support over the years in promoting good quality education in government schools.”



*Computer lab*



*Multi-dimensional learning space*



# ***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, Global Non-Retaliation and Reporting Obligation Policy, and Global Trade Compliance Policy.



## Trade Compliance

We are committed to operating our business in compliance with all applicable global trade compliance laws and regulations, including the U.S. State Department and Commerce Department export control requirements and their global equivalents.

We continuously screen all our commercial transactions to detect and prevent transactions involving sanctioned and denied parties or embargoed locations. We routinely train our employees on global trade compliance requirements, and we have a network of trade compliance coordinators throughout our global operations who assist our trade compliance team in ensuring compliance with our Export and Trade Compliance Procedure.

## 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 independent 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. In addition, all newly hired salaried team members must complete a comprehensive ethics and compliance training course within 30 days of their hire date.

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, Export and



Trade Compliance Procedure, 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. All partners must complete an ethics and compliance training course as part of their onboarding process.

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](mailto: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.

**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)
<b>FY18</b>	159	1.3	50%	31%	17
<b>FY19</b>	169	1.7	50%	53%	16
<b>FY20</b>	160	1.6	47%	45%	16
<b>FY21</b>	118	1.4	36%	34%	16

*The FY21 rate is calculated based on 8,635 global employees (excluding temporary and contract workers).*

**Reports per 100 Employees by Region**

	Americas	Asia Pacific	Europe, Middle East and Africa
<b>FY18</b>	3.0	0.3	0.3
<b>FY19</b>	3.3	1.4	0.3
<b>FY20</b>	2.6	1.2	0.5
<b>FY21</b>	2.5	0.8	0.6

*The FY21 rate is calculated based on 8,635 global employees (excluding temporary and contract workers).*

**FY21 Report Categories**

Category	Percent of Total Reports
<b>Accounting, auditing and financial reporting</b>	<1%
<b>Business integrity</b>	18%
<b>Human resources, diversity and workplace respect</b>	81%
<b>Environment, health and safety</b>	10%
<b>Misuse or misappropriation of corporate assets</b>	6%

*Total exceeds 100 percent due to some reports crossing multiple categories.*

**Board Oversight**

Our Board of Directors or its Audit Committee is briefed quarterly on whistleblower reporting activity, significant investigation 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.

# 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](mailto: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.

The Nominating/Corporate Governance Committee also has formal oversight for our ESG strategy and reporting.

Additional information on Board governance can be found in our 2021 Proxy Statement.





# ***APPENDIX***

# SUSTAINABILITY ACCOUNTING STANDARDS BOARD INDEX

This report has been informed by the SASB standard for industrial machinery and goods.

Topic	Accounting Metric	Category	Code	Report Location
<b>Energy Management</b>	(1) Total energy consumed, (2) percentage grid electricity, and (3) percentage renewable	Quantitative	RT-IG-130a.1	<a href="#">Energy</a> (partial)  We continue exploring options for collecting renewable energy consumption globally.
<b>Employee Health &amp; Safety</b>	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Quantitative	RT-IG-320a.1	<a href="#">Health and Safety</a>
<b>Fuel Economy &amp; Emissions in Use-phase</b>	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	
<b>Materials Sourcing</b>	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	RT-IG-440a.1	<a href="#">Supply Chain</a>
<b>Remanufacturing Design &amp; Services</b>	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 and made progress on our journey in fiscal 2021.

Pillar	Disclosure
<b>Governance</b>	<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>We began incorporating the ESG strategy into our corporate strategy review process with our Board of Directors during fiscal 2021. We also formalized an executive-level ESG Steering Committee to oversee and coordinate our ESG strategy to ensure it is driven into our overall corporate strategy and objectives at the C-suite and Board levels.</p> <p><a href="#">Environmental, Social and Governance Strategy</a></p> <p><a href="#">Environmental Management</a></p> <p><a href="#">Board Governance</a></p>
<b>Strategy</b>	<p>We are working to assess environmental risks and opportunities to identify those that are relevant and appropriate to our operations.</p> <p>In fiscal 2021, we formalized an environmental strategy that includes a focus on reducing GHGs. This strategy is supported by refined objectives and our newly created EHS Roadmap. We also have committed to completing an ESG materiality assessment in fiscal 2022 to further refine our overall ESG strategy.</p> <p><a href="#">Environmental, Social and Governance Strategy</a></p> <p><a href="#">Environmental Management</a></p>
<b>Risk Management</b>	<p>Once we have identified our environmental risks, we will develop appropriate risk management processes.</p>
<b>Metrics and Targets</b>	<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>In fiscal 2021, we further refined our environmental strategy to reduce our Scope 1 and 2 emissions.</p> <p><a href="#">Environmental Management</a></p> <p><a href="#">Emissions</a></p> <p><a href="#">Energy</a></p>



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