

# Welcome to your CDP Water Security Questionnaire 2022

## W0. Introduction

### W0.1

**(W0.1) Give a general description of and introduction to your organization.**

Kimball Electronics (KE) is a global, multifaceted manufacturing solutions provider. We provide contract electronics manufacturing services (“EMS”) and diversified manufacturing services, including engineering and supply chain support, to customers in the automotive, medical, industrial, and public safety end markets. We offer a package of value that begins with our core competency of producing durable electronics and have expanded into diversified contract manufacturing services for non-electronic components, medical disposables, precision molded plastics, and production automation, test, and inspection equipment. This package of value includes our set of robust processes and procedures that help us ensure that we deliver the highest levels of quality, reliability, and service throughout the entire life cycle of our customers’ products. We believe our customers appreciate our body of knowledge as it relates to the design and manufacture of their products that require durability, reliability, the highest levels of quality control, and regulatory compliance. We deliver award-winning service from our highly integrated global footprint which is enabled by a largely common operating system, a standardization strategy, global procedures, and teamwork. Our Customer Relationship Management model is key to providing our customers convenient access to our global footprint and all of our services throughout the entire product life cycle. Because our customers are in businesses where engineering changes must be tightly controlled and long product life cycles are common, our track record of quality, financial stability, social responsibility, and commitment to long-term relationships is important to them.

We have been producing safety critical electronic assemblies for our automotive customers for over 35 years. During this time, we have built up a body of knowledge that has not only proven to be valuable to our automotive customers, but to our medical, industrial, and public safety customers as well. We have been successful in growing and diversifying our business by leveraging our automotive experience and know-how in the areas of design and process validation, traceability, process and change control, and lean manufacturing to create valuable and innovative solutions for customers in the medical, industrial, and public safety end market verticals. These solutions include diversified contract manufacturing services for medical disposables, precision molded plastics, and design, production, and servicing of automation,

test, and inspection equipment for industrial applications. We have harmonized our quality systems to be compliant with various important industry certifications and regulatory requirements. This allows us to take advantage of other strategic points of leverage in the supply chain and within our operations so we can cost-effectively manufacture electronic and non-electronic products in the same production facility for customers from all four of our end market verticals.

Our corporate headquarters is located at 1205 Kimball Boulevard, Jasper, Indiana. Production occurs in our facilities located in the United States, China, Mexico, Poland, Romania, Thailand, and Vietnam.

Our services are sold globally on a contract basis, and we produce products to our customers' specifications. Our manufacturing services are multifaceted.

Environmentally, KE works to make our world a better place. In our Vision and Guiding Principles, under Citizenship, we state that "The environment is our home. We will be leaders in not only protecting but enhancing our world." Each of our manufacturing facilities worldwide has been registered in ISO 14001-2015.

Of great importance, in 2019, KE established company-wide environmental goals. We are committed to building upon our success and achieving the following additional reductions by 2025:

(Relating to CDP Climate Control)

10% reduction in Green House gas emissions (as of 2021: -14%);

15% reduction in electrical usage (as of 2021: -1%);

10% reduction in air emissions (as of 2021: -21%).

(Relating to CDP Water Security)

- 20% reduction in water usage (as of 2021: +5%).

Our facilities have environmental programs that influence our successfully achieving our company-wide goals. We report on our progress toward these environmental goals, as well as our ESG activities, in our annual ESG reports.

In 2020, we adopted our Company's Purpose Statement: Creating Quality for Life. It sums up why we exist as a company beyond earning profit. Kimball Electronics creates quality for life for our customers, employees, communities, and share owners. Our Purpose Statement ties directly to our environmental, social, and governance philosophies and activities highlighted in the 2021 ESG report. Our ESG philosophies, with roots dating back to our company's founding in 1961, are more than just words to us: they are our actual practices; they are our promises to the world.

## W0.2

**(W0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date
Reporting year	January 1, 2021	December 31, 2021

### W0.3

**(W0.3) Select the countries/areas in which you operate.**

- China
- India
- Japan
- Mexico
- Poland
- Romania
- Thailand
- United States of America
- Viet Nam

### W0.4

**(W0.4) Select the currency used for all financial information disclosed throughout your response.**

- USD

### W0.5

**(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.**

- Companies, entities or groups over which operational control is exercised

### W0.6

**(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?**

- No

### W0.7

**(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?**

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, a Ticker symbol	KE We trade on the Nasdaq stock exchange.

## W1. Current state

### W1.1

**(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.**

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Important	In our locations, freshwater is needed for our employees and for some of the processes in our facilities.
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Neutral	Our production processes require freshwater. Recycled and brackish water has no current use in our production processes and would have limited use for landscape irrigation. We are continuing to evaluate uses of recycled, brackish and/or produced water availability.

### W1.2

**(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?**

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	76-99	We regularly measure and monitor water withdrawals in total volumes for our 12 owned facilities (86%). 2 of our 14 facilities are leased do not report because they are located in multi-tenant buildings with no reasonable means to monitor water withdrawals.
Water withdrawals – volumes by source	76-99	We regularly measure and monitor water by source for 12 of 14 facilities (86%).
Water withdrawals quality	76-99	We regularly measure and monitor water withdrawals quality 11 of 14 facilities (79%). We have one facility that monitors their incoming water from a well. All other facilities receive water from a government inspected and permitted water utility vendor.
Water discharges – total volumes	76-99	We regularly measure and monitor water discharges in total volumes for our 12 owned

		facilities (86%). 2 of our 14 facilities are leased do not report because they are located in multi-tenant buildings with no reasonable means to monitor water discharge. We count all water volume brought into each facility as discharges into the sanitary sewer system for that location.
Water discharges – volumes by destination	76-99	We regularly measure and monitor water discharges in total volumes for our 12 owned facilities (86%). 2 of our 14 facilities are leased do not report because they are located in multi-tenant buildings with no reasonable means to monitor water discharge.
Water discharges – volumes by treatment method	1-25	We regularly measure and monitor water discharge volumes by treatment method in total volumes for our 12 owned facilities (86%). 2 of our 14 facilities are leased do not report because they are located in multi-tenant buildings with no reasonable means to monitor water discharge. We have one facility that monitors their water discharge to a septic system
Water discharge quality – by standard effluent parameters	Not monitored	This is not monitored.
Water discharge quality – temperature	Not monitored	This is not measured..
Water consumption – total volume	76-99	We regularly measure and monitor water consumption in total volumes for our 12 owned facilities (86%). 2 of our 14 facilities are leased do not report because they are located in multi-tenant buildings with no reasonable means to monitor water consumption.
Water recycled/reused	Not monitored	We are developing a water recycling/reuse measurement program.
The provision of fully-functioning, safely managed WASH services to all workers	100%	All locations have safely managed WASH services for all workers.



## W1.2b

**(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?**

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	106.89	Lower	In 2020 we withdrew 116.53 megaliters as compared to 2021 usage of 106.89 megaliters , an 8.27 % decrease.
Total discharges	106.89	Lower	In 2020 we discharged 116.53 megaliters as compared to 2021 usage of 106.89 megaliters, an 8.27 % decrease.
Total consumption	0	About the same	We do not measure and monitor consumption, but our operations generally do not consume water. Accordingly, we consider all of our water withdrawals to be discharged for purposes of this survey.

## W1.2d

**(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.**

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	11-25	Lower	WRI Aqueduct	We entered all of our global facilities into the WRI Aqueduct tool and analyzed the output report in the context of our global operations. We assessed areas as water stressed in terms of quantity and their thresholds for reporting to CDP as those locations with a baseline water stress equal to/greater than 'High' (40-80%). Our locations in Mexico and Suzhou, China are considered areas with

					water stress pursuant to this indicator.
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## W1.2h

**(W1.2h) Provide total water withdrawal data by source.**

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant			We do not withdraw from this source.
Brackish surface water/Seawater	Not relevant			We do not withdraw from this source.
Groundwater – renewable	Relevant but volume unknown			Our location in Romania draws water from a well, but we cannot estimate the percentage of groundwater withdrawals from renewable or non-renewable sources.
Groundwater – non-renewable	Relevant but volume unknown			Our location in Romania draws water from a well, but we cannot estimate the percentage of groundwater withdrawals from renewable or non-renewable sources.
Produced/Entrained water	Relevant but volume unknown			We do use storm water and condensate water in some of our locations for irrigation purposes but do not measure this usage.
Third party sources	Relevant	106.89	Lower	In 2020 we used 116.53 megaliters as compared to 2021 usage of

				106.89 megaliters , an 8.27 % decrease.
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## W1.2i

**(W1.2i) Provide total water discharge data by destination.**

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant			We do not discharge to this source.
Brackish surface water/seawater	Not relevant			We do not discharge to this source
Groundwater	Relevant			Our location in Romania discharges water to a septic system .
Third-party destinations	Relevant	106.89	Lower	In 2020, we used 116.53 megaliters as compared to 2021 usage of 106.89 megaliters , an 8.27 % decrease.

## W1.2j

**(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.**

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant				Not applicable.
Secondary treatment	Not relevant				Not applicable.
Primary treatment only	Relevant but volume unknown				Our location in Romana discharges water to a septic system .



Discharge to the natural environment without treatment	Not relevant				We are not treating our discharges.
Discharge to a third party without treatment	Relevant	106.89	Lower	91-99	In 2020 we used 116.53 megaliters as compared to 2021 usage of 106.89 megaliters , an 8.27 % decrease.
Other	Not relevant				Not relevant.

### W1.3

**(W1.3) Provide a figure for your organization’s total water withdrawal efficiency.**

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	1,108,524,464	106.89	10,370,703.1901955	We anticipate future volumes to remain about the same since we plan to reduce our water usage company-wide, but also anticipate our business to grow and do not anticipate major changes in our business.

### W1.4

**(W1.4) Do you engage with your value chain on water-related issues?**

Yes, our customers or other value chain partners

### W1.4c

**(W1.4c) What is your organization’s rationale and strategy for prioritizing engagements with customers or other partners in its value chain?**

We value feedback and input from our customers, suppliers, and other internal and external stakeholders. We prioritize engagements with our customers and with our key stakeholders, or 'other partners in our value chain', which include our employees, Share Owners, potential investors, suppliers, subcontractors, governments/regulatory agencies, unions, Non-Governmental Organizations (NGOs), and industry associations. We prioritize these stakeholders because their concerns may have the potential to impact our business. KE has processes in place through all of our major business functions to collect both internal and external stakeholder feedback and provide input for consideration in the Enterprise Risk Management process. Reputation risk is part of several of our evaluation criteria in our Enterprise Risk Management process used to evaluate risks to the Company.

Every year, we publish information, including our ESG report, based on requests for qualitative and quantitative information on corporate GHG emissions, water withdrawals, performance trends, emissions reduction goals, climate change risks and opportunities, and social and governance practices. We use multiple communication channels to engage stakeholders, including written communication, meetings, regular and specialized reports, contracts, surveys, and other methods. Engagement may be daily, monthly, quarterly, annually, or as needed to identify key sustainability topics and concerns. We also measure success in terms of scores we receive for various sustainability ratings and rankings, including CDP.

## W2. Business impacts

### W2.1

**(W2.1) Has your organization experienced any detrimental water-related impacts?**

No

### W2.2

**(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?**

No

## W3. Procedures

### W3.3

**(W3.3) Does your organization undertake a water-related risk assessment?**

Yes, water-related risks are assessed

### W3.3a

**(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.**

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**Value chain stage**

Direct operations  
Supply chain

**Coverage**

Full

**Risk assessment procedure**

Water risks are assessed as part of an established enterprise risk management framework

**Frequency of assessment**

Annually

**How far into the future are risks considered?**

1 to 3 years

**Type of tools and methods used**

Tools on the market  
Enterprise risk management  
International methodologies and standards

**Tools and methods used**

EcoVadis  
WRI Aqueduct  
Enterprise Risk Management

**Contextual issues considered**

Water availability at a basin/catchment level  
Water quality at a basin/catchment level  
Implications of water on your key commodities/raw materials  
Water regulatory frameworks  
Status of ecosystems and habitats

**Stakeholders considered**

Customers  
Employees  
Investors  
Local communities  
NGOs  
Regulators  
Suppliers  
Water utilities at a local level

**Comment**

Each facility addresses its water supply risk in a risk assessment on at least an annual basis pursuant to their ISO 14001 Environmental Management System, and/or their KEI

Safety, Environmental , Facilities assessment . We have each location look at their supplier and assess their ability to supply water into the future; we ask each location to look at the water supply of the region and use this in their risk management analysis.

Our current annual ERM process takes into account input from compliance-area owners and interviews with senior management from across our business. Key risks are flagged by region and prioritized for mitigation based on impact and likelihood. Our risk analysis led to and reinforces our decision to incorporate a goal to reduce our absolute water usage by 20% by 2025 and will inform our future goal setting processes. Our goals include reduction of water consumption and withdrawal by our facilities; promotion of water recycling and reuse at our facilities; promotion of wastewater treatment and freshwater conservation measures; and achievement of more efficient water management. Our ERM process is also useful when screening greenfield locations for new production facility investments to ensure adequate water supply will be available during the operating life of the facility. At this time, our preliminary analysis informed by our actual experiences at each of our global facilities, there is no significant water risk to our operations.

### W3.3b

#### **(W3.3b) Describe your organization’s process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.**

In 2022, we conducted a preliminary water availability scenario analysis using WRI Aqueduct’s Water Risk Assessment tool for all of our global sites (both manufacturing and non-manufacturing locations). The model includes predictive scenarios to evaluate current and potential future water stress/availability in 2030 and 2040 under different climate and development scenarios. We entered all of our global facilities into the WRI Aqueduct tool and analyzed the output report in the context of our global operations. Our assessment focused on identifying facilities at high risk of future baseline water stress in light of a changing climate. We selected the risk type “future water stress” and identified which sites fell under the categories of “High” and “Extremely High” to determine which of the facilities could be impacted so that we could align our medium- and long-term company-wide planning horizons with these risks in mind. The results of this scenario analysis show that several of our manufacturing sites will be at “High” and “Extremely High” baseline water stress in 2030 and 2040 under some or all scenarios. This includes sites in Mexico, Poland, and the US.

As our analysis is in the early stages, we are currently in the process of analyzing data and understanding what it means for our business. We will leverage results to inform our business strategy and objectives for risk mitigation based on our experience with currently vulnerable locations. This includes reporting the results to the Chief Legal & Compliance Officer and discussing with our teams during our Enterprise Risk Management (ERM) process. Our current annual ERM process takes into account input from compliance-area owners and interviews with senior management from across our business. Key risks are flagged by region and prioritized

for mitigation based on impact and likelihood. Our preliminary analysis of the water stress scenario analysis reinforces our decision to incorporate a goal to reduce our absolute water usage by 20% by 2025 and will inform our future goal setting processes. Our goals include reduction of water consumption and withdrawal by our facilities; promotion of water recycling and reuse at our facilities; promotion of wastewater treatment and freshwater conservation measures; and achievement of more efficient water management. The WRI Aqueduct Water Risk Atlas tool is also useful when screening greenfield locations for new production facility investments to ensure adequate water supply will be available during the operating life of the facility. At this time, our preliminary analysis informed by our actual experiences at each of our global facilities, there is no significant water risk to our operations.

## W4. Risks and opportunities

### W4.1

**(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes, only within our direct operations

### W4.1a

**(W4.1a) How does your organization define substantive financial or strategic impact on your business?**

Substantive financial or strategic impacts are events that could materially impact our business or operations. In making this determination, we incorporate the concept of materiality as defined by the SEC and FASB, and we consider both qualitative and quantitative measures. The quantitative measures evaluated include potential impacts to revenue and earnings as well as certain non-GAAP financial measures that management uses in its financial and operational decision making. Qualitative measures include but are not limited to consideration of impacts to employee/community safety, our reputation, regulatory requirements, business continuity, trends in our underlying business, and the needs of and impacts to our customers. Material impacts would include those that would have a high likelihood to result in death, serious breaches of legal and regulatory compliance, market disintegration, significant impact on shareholders, fundamental or catastrophic business continuity exposure and fundamental financial losses/opportunities. The impacts considered include those related to our direct operations as well as possible impacts to the continuity of our supply chain and our ability to meet customer commitments. Consistent with guidance published by the SEC and FASB with regard to materiality, a specific climate-related risk or opportunity may be considered as having a substantive financial impact if it would reasonably be expected to affect the company's planned earnings positively or negatively by a certain quantitative threshold. However, magnitude by itself, without regard to the nature of the specific risk or opportunity and the circumstances in which the judgment has to be made, will not generally be a sufficient basis for the materiality judgment. KE considers both qualitative and quantitative factors together when

evaluating whether a specific climate-related risk or opportunity would have a substantive financial or strategic impact on the Company.

### W4.1b

**(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?**

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	2	1-25	We entered all of our global facilities into the WRI Aqueduct tool and analyzed the output report in the context of our global operations. We assessed areas as water stressed in terms of quantity and their thresholds for reporting to CDP as those locations with a baseline water stress equal to/greater than 'High' (40-80%). 2 of our 14 locations, in Mexico and Suzhou, China, are considered areas with water stress pursuant to this indicator. Therefore, we identified them as being exposed to water risks.

### W4.1c

**(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?**

**Country/Area & River basin**

Mexico  
Bravo

**Number of facilities exposed to water risk**

1

**% company-wide facilities this represents**

1-25

**% company's total global revenue that could be affected**

21-30

**Comment**



## W4.2

**(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

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### **Country/Area & River basin**

Mexico  
Bravo

### **Type of risk & Primary risk driver**

Acute physical  
Cyclone, hurricane, typhoon

### **Primary potential impact**

Reduction or disruption in production capacity

### **Company-specific description**

Natural disasters or other catastrophic events, including severe weather, cyclones, floods, hurricanes, terrorist attacks, power interruptions, fires, and pandemics, could disrupt operations and likewise our ability to produce or deliver products. Our manufacturing operations require significant amounts of energy, including natural gas and oil, and governmental regulations may control the allocation of such fuels to Kimball Electronics. Employees are an integral part of our business, and events such as a pandemic could reduce the availability of employees reporting for work. In the event we experience a temporary or permanent interruption in our ability to produce or deliver product, revenues could be reduced, and business could be materially adversely affected. In addition, catastrophic events, or the threat thereof, can adversely affect U.S. and world economies, and could result in reduced demand for our customers' products and delayed or lost revenue for our services. Further, any continuing disruption in our computer systems could adversely affect the ability to receive and process customer orders, manufacture products, and ship products on a timely basis, and could adversely affect relations with customers, potentially resulting in reduction in orders from customers or loss of customers. We maintain insurance to help protect us from costs relating to some of these matters, but such may not be sufficient or paid in a timely manner to us in the event of such an interruption.

### **Timeframe**

Current up to one year

### **Magnitude of potential impact**

Medium

### **Likelihood**

More likely than not

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

**Potential financial impact figure - minimum (currency)**

1

**Potential financial impact figure - maximum (currency)**

10,000,000

**Explanation of financial impact**

It is difficult to predict the exact change and impact of each climate parameter, and only some significant changes to the climate may have an impact on the Company. Financial implications could include higher utilities and logistics costs from damaged infrastructure, higher insurance costs at facilities exposed to extreme weather events, costs of physical repairs, and loss of profit following a significant weather-related event. Disruption of utilities (electric, gas, water) could result in prolonged facility outages, causing disruption in the production and supply of raw materials and finished goods and could have negative revenue implications. Financial impacts can include potential temporary, long-term, or permanent closure of operations, facility repair costs, lost work time, increased utility costs, lost revenue, damaged equipment, lost inventory, and increased insurance premiums. The financial impact is expected to range between \$1M and \$10M, which are typical retained amounts under insurance policies and/or sizes of potential claims that we may choose to self-fund. Kimball Electronics maintains insurance that is intended to mitigate the high end of financial impacts.

**Primary response to risk**

Amend the Business Continuity Plan

**Description of response**

We maintain business continuity plans that are intended to allow us to recover from natural disasters or other catastrophic events that can be disruptive to our business, our facilities and the services we perform for customers. We maintain product liability and other insurance coverage that we believe to be generally in accordance with industry practices. Capital and expense planning are parts of our normal strategic planning process. As we adjust our strategy to address risks, we naturally incorporate business strategies into our spending, including by adding redundancy/resiliency features to facilities, upgrading and/or maintaining new and current facilities, disaster recovery planning, etc.

**Cost of response**

**Explanation of cost of response**

It is difficult to accurately quantify the cost of responding to acute physical risks, as well as other emerging risks, since the process of managing physical risks to our operations falls within the normal course of business and does not incur estimable marginal costs.

## W4.2c

**(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?**

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	KE has enterprise risk management processes to identify, assess and prioritize business risks. We use a systematic process to evaluate risks. The process includes identifying risks, assessing exposures, and quantifying the value at risk to the company. The evaluation considers level of potential impact, the overall vulnerability to an event based on the time and our capacity to react and adapt, and the likelihood of an occurrence. A substantive risk is one where the impact is medium to high across a number of criteria and has a high likelihood to disrupt our ability to operate our business. We have not identified any substantive water risks in our value chain, beyond direct operations. Our sourcing function also has a system in place to monitor high risk suppliers which may be impacted by risks such as water and identify any that would have a substantive impact.

## W4.3

**(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes, we have identified opportunities, and some/all are being realized

### W4.3a

**(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.**

#### Type of opportunity

Efficiency

#### Primary water-related opportunity

Improved water efficiency in operations

#### Company-specific description & strategy to realize opportunity

Strategically, improved water efficiency has the potential to have a substantial positive impact to our business as many of our products have water as the primary ingredient. We invest in capital and infrastructure to promote water efficiency. Capital investments fund projects to help us reach our 2025 water reduction goals. We also improve efficiency through engaging our employees in conserving water. Through these efficiencies, we are reducing our water consumption and discharge expenses, reducing our regulatory risk, and helping to preserve water supplies. Examples include: We have

identified capital projects to increase use of recycled water. Some of our facilities are re-using/recycling the water in some of our cleaning processes. . In other locations, we are collecting rainwater and /or condensate water for lawn / landscaping irrigation.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

Low

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact**

This opportunity is considered strategic for the company; however, we are not able to calculate the financial impact at this time.

## W5. Facility-level water accounting

### W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

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**Facility reference number**

Facility 1

**Facility name (optional)**

KEMX; Reynosa, Mexico

**Country/Area & River basin**

Mexico

Bravo

**Latitude**

26.0333

**Longitude**

98.2194

**Located in area with water stress**

Yes

**Total water withdrawals at this facility (megaliters/year)**

20.7

**Comparison of total withdrawals with previous reporting year**

Higher

**Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes**

0

**Withdrawals from brackish surface water/seawater**

0

**Withdrawals from groundwater - renewable**

0

**Withdrawals from groundwater - non-renewable**

0

**Withdrawals from produced/entrained water**

0

**Withdrawals from third party sources**

20.7

**Total water discharges at this facility (megaliters/year)**

20.7

**Comparison of total discharges with previous reporting year**

Higher

**Discharges to fresh surface water**

0

**Discharges to brackish surface water/seawater**

0

**Discharges to groundwater**

0

**Discharges to third party destinations**

20.7

**Total water consumption at this facility (megaliters/year)**

0

**Comparison of total consumption with previous reporting year**

Higher

**Please explain**

In 2020 we withdrew 20.4 megaliters of water. In 2021 we withdrew 20.7 megaliters of water. Water withdrawals, discharges, and consumption increased very slightly from 2020 because the sales/production at this facility increased. All our reporting facilities report water withdrawn data on a monthly basis. Data is obtained from their water bills/invoices and or water meter records.

## W5.1a

**(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?**

### Water withdrawals – total volumes

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**% verified**

Not verified

**Please explain**

There is a lack of universally applied verification standards for water accounting, particularly for multinational corporations operating in many jurisdictions. All our reporting facilities report water withdrawn data on a monthly basis. Data is obtained from their water bills/invoices and or water meter records. As part of our continual improvement process, we are considering the feasibility of adopting a third party verification process pursuant to ISAE 3000 standards.

### Water withdrawals – volume by source

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**% verified**

Not verified

**Please explain**

There is a lack of universally applied verification standards for water accounting, particularly for multinational corporations operating in many jurisdictions. All our reporting facilities report water withdrawn data on a monthly basis. Data is obtained from their water bills/invoices and or water meter records. As part of our continual improvement process, we are considering the feasibility of adopting a third party verification process pursuant to ISAE 3000 standards.

### Water withdrawals – quality by standard water quality parameters

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**% verified**

Not verified

**Please explain**

There is a lack of universally applied verification standards for water accounting, particularly for multinational corporations operating in many jurisdictions. All our reporting facilities report water withdrawn data on a monthly basis.



### Water discharges – total volumes

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**% verified**

Not verified

**Please explain**

There is a lack of universally applied verification standards for water accounting, particularly for multinational corporations operating in many jurisdictions. All our reporting facilities report water withdrawn data on a monthly basis.

### Water discharges – volume by destination

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**% verified**

Not verified

**Please explain**

There is a lack of universally applied verification standards for water accounting, particularly for multinational corporations operating in many jurisdictions. All our reporting facilities report water withdrawn data on a monthly basis.

### Water discharges – volume by final treatment level

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**% verified**

Not verified

**Please explain**

There is a lack of universally applied verification standards for water accounting, particularly for multinational corporations operating in many jurisdictions. All our reporting facilities report water withdrawn data on a monthly basis.

### Water discharges – quality by standard water quality parameters

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**% verified**

Not verified

**Please explain**

There is a lack of universally applied verification standards for water accounting, particularly for multinational corporations operating in many jurisdictions. All our reporting facilities report water withdrawn data on a monthly basis.

### Water consumption – total volume

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**% verified**

Not verified

**Please explain**

There is a lack of universally applied verification standards for water accounting, particularly for multinational corporations operating in many jurisdictions. All our reporting facilities report water withdrawn data on a monthly basis.

## W6. Governance

### W6.1


#### (W6.1) Does your organization have a water policy?


Yes, we have a documented water policy that is publicly available

### W6.1a

#### (W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of water-related performance standards for direct operations Description of water-related standards for procurement Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Acknowledgement of the human right to water and sanitation	Access to affordable, reliable, and adequate freshwater supply is critical to the success of our business because it is required across our operations and supply chain to meet our customers' needs. The primary use of freshwater outside of our manufacturing operations and those of our supply chain partners is for sanitation, drinking water, cooking, and bathing, etc. In manufacturing, KE and its suppliers use freshwater for rinsing parts, cleaning, HVAC, and cooling, etc. For these reasons, we have incorporated water management into our environmental management system under ISO 14001 and our global Human Rights Policy, both of which go beyond the requirements of regulatory compliance. We monitor our supply chain to ensure compliance with our social and environmental standards in the global Human Rights Policy and our global Supplier Quality Manual. To align our efforts with the United Nations Sustainable Development Goals (SDGs), we committed to a water goal (2020-2025). This goal to reduce water usage helps drive water efficiency in our operations, reduce operating expenses, increase the value we bring to our customers, and further engage employees in our overall sustainability efforts. Our publicly available water policies include commitments to taking the necessary measures to provide a safe and healthy workplace; preventing labor risks like forced labor, child labor, and human trafficking; and protecting the environment. We apply sound practices for land and water use consistent with emerging international practices while considering the impact of our global activities on water stress. KE

			<p>strives to respect human rights in support of our environmental management policies and goals.</p> <p> 1</p>
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 1policy-human-rights 2021.pdf

## W6.2

**(W6.2) Is there board level oversight of water-related issues within your organization?**

Yes

## W6.2a

**(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.**

Position of individual	Please explain
Other, please specify CEO and Chairman of the Board	This person is our CEO and Chairman of the Board of Kimball Electronics, Inc. (KEI). This position has overall responsibility for climate- and water-related issues at the Board and management level.
Board-level committee	<p>Management of KE's fundamental governance policies and practices, including environmental and climate- and water-related issues, are overseen by KE's Board of Directors Compensation and Governance Committee. The Committee:</p> <ul style="list-style-type: none"> <li>• Reviews and evaluates KE's programs, policies and practices pertaining to sustainability, environmental, social, governance, and related social responsibility issues and impacts to support the sustainable growth of the Company.</li> <li>• Assists the Board in fulfilling its oversight responsibility for KE's broad enterprise risk management program by identifying, evaluating, and monitoring sustainability and environmental trends, issues, risks and concerns that could affect KE's business activities and performance.</li> <li>• Discusses with management and advises the Board on maintaining and improving corporate sustainability strategies that preserve, create, and enhance long-term Share Owner value consistent with KE's Guiding Principles.</li> <li>• Monitors KE's overall approach to corporate sustainability, its alignment with the overall business strategy, and the overall effectiveness of its sustainability policies and disclosures.</li> <li>• Monitors KE's performance and disclosures against relevant external sustainability indices, including through a review of KE's annual Environmental, Social, and Governance (ESG) Report.</li> </ul> <p>This Chief Legal &amp; Compliance Officer, who KE's CEO/Chairperson of the Board reports to the Board and Committee on compliance matters</p>

	including climate- and water-related and ESG issues. Together with the global Director of Safety, Environmental and Facilities who reports to him, the Chief Legal & Compliance Officer has operational responsibility for climate- and water-related issues and reports environmental and other climate- and water-related issues contained in this CDP report to the Board, the Committee, and other stakeholders.
Other, please specify Board Lead Independent Director/Director on Board	Led by our Lead Independent Director, the KE Board of Directors (the "Board") has active responsibility for broad corporate policy and overall performance of KE through oversight of management and stewardship of the Company, including climate- and water-related issues. Example: The Board scheduled 2 special ESG meetings in fiscal year 2022 to discuss ESG trends and climate- and water-related matters, including reviewing progress towards achieving our climate- and water-related goals and how to structure Board oversight as ESG issues continue to grow in importance.

## W6.2b

**(W6.2b) Provide further details on the board's oversight of water-related issues.**

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding strategy	<p>The Board of Directors meets at least four times per year, in February, May, September, and November. Our Board of Directors provides oversight of policies and operational controls related to our environmental, health and safety, and social risks. .</p> <p>In addition, oversight of the enterprise risk management framework and cybersecurity risks are the responsibility of the Board's Audit Committee.</p> <p>The Board reviews and approves our business plans and budgets annually and as necessary to oversee major capital expenditures, acquisitions, and divestitures. The Board also sets annual performance objectives and monitors their implementation and performance, including our progress against goals and targets for environmental and climate-related issues. The Board sets compensation for our executives, and both our CEO and our Chief Legal &amp; Compliance</p>



	<p>Reviewing and guiding corporate responsibility strategy</p> <p>Reviewing innovation/R&amp;D priorities</p> <p>Setting performance objectives</p>	<p>Officers are compensated in part based on their achievement of ESG-linked objectives.</p> <p>During KE's fiscal year 2022, the Board scheduled 2 special meetings focused on ESG and climate matters, risks, and the Board's oversight role of the same.</p> <p>We provide comprehensive updates on ESG risks and opportunities, including human rights and climate-related risks quarterly to our Board of Directors at their regular meetings. Our Board reviews and provides input in the fall of each year on our annual ESG report. We also provide quarterly updates on specific risks, including ESG and climate issues, to the Board, at least quarterly and / or as warranted.</p>
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## W6.2d

**(W6.2d) Does your organization have at least one board member with competence on water-related issues?**

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues
Row 1	Yes	We seek and have appointed Board members who have or will develop through their background and experience (1) foundational knowledge and skills including science literacy, environmental literacy, knowledge of the ESG and climate-related issues policy landscape, and management acumen; (2) organizational knowledge and experience, including strategic planning, decision-making, compliance, enterprise risk management, asset management, management of value and supply chains, corporate communications and corporate social responsibility, and organizational governance; and (3) strategic execution skills, including supporting organizational change, helping to mitigate risk, engaging stakeholders, taking active roles in external policy efforts, and maintaining other external partnerships.

## W6.3

**(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).**

**Name of the position(s) and/or committee(s)**

Safety, Health, Environment and Quality committee

**Responsibility**

Assessing future trends in water demand  
Assessing water-related risks and opportunities  
Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

More frequently than quarterly

**Please explain**

The SEF Council is a global council of all SEF Managers at each of KE's global facilities. Each SEF Manager is a member of the SEF Council. One member of this Council is appointed as Council Leader & serves on the Operational Excellence Council (OPEX Council) for a 2-year term. The SEF council meets 2 times per month (virtual phone conference). On a monthly basis, every SEF Manager reports to the SEF Council concerning their environmental goals & challenges. Both the Director of SEF & the Chief Compliance Officer are invited to attend these meetings on behalf of the KE leadership team. Monthly meeting minutes are sent to members of the SEF Council and all General Managers & posted on an internal SEF Council site for all members of the KE leadership team & other internal stakeholders. Each calendar year, the SEF Council holds an in-person, week-long conference at one of our global locations to discuss individual facility and collective progress on safety and environmental goals.

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**Name of the position(s) and/or committee(s)**

Corporate responsibility committee

**Responsibility**

Other, please specify  
Assessing climate related risks.

**Frequency of reporting to the board on water-related issues**

More frequently than quarterly

**Please explain**

The Operational Excellence (OPEX) Council consists of all facilities' General managers, representatives from KE's leadership team, and Council Team leaders from all of our global council stakeholder groups (including our SEF Council). The OPEX Council meets monthly and also delivers reports delivered during the Spring Planning and Fall Review meeting attended by KE's global leadership teams and members of its Board of Directors. The SEF Council Leader makes this report and takes questions and suggestions concerning our environmental focus.

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**Name of the position(s) and/or committee(s)**



Other, please specify

CEO and Chairman of the Board of Directors

### **Responsibility**

Assessing future trends in water demand

Assessing water-related risks and opportunities

Managing water-related risks and opportunities

Other, please specify

This person is a member of KE's Board of Directors. This position has overall responsibility for climate-related issues at the Board and management level.

### **Frequency of reporting to the board on water-related issues**

More frequently than quarterly

### **Please explain**

This position has the overall guidance authority as to where our facilities must initiate actions on environmental issues and provides guidance on KE's environmental goals. They monitor that progress and interfaces with our global teams to help enable achievement of our goals. Our CEO and Chief Compliance Officer both update the Board of Directors at the Board's quarterly meetings on our environmental and safety initiatives and goals.

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### **Name of the position(s) and/or committee(s)**

Chief Risk Officer (CRO)

### **Responsibility**

Assessing future trends in water demand

Assessing water-related risks and opportunities

Other, please specify

This position gathers all the environmental and safety information and presents to the Board of Directors at their scheduled meetings or as needed.

### **Frequency of reporting to the board on water-related issues**

More frequently than quarterly

### **Please explain**

This position is held by our Chief Legal & Compliance Officer and Secretary. This position reports to our CEO, receives updates twice a month from the SEF council and reports on ESG matters to our Board of Directors.

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### **Name of the position(s) and/or committee(s)**

Environmental health and safety manager

### **Responsibility**

Assessing future trends in water demand  
Assessing water-related risks and opportunities  
Managing water-related risks and opportunities  
Other, please specify

The SEF Manager (Environmental, Health & Safety manager) is responsible for planning & implementing all environmental & safety initiatives at their facility. Their responsibility is to ensure that all documents are kept up to date recorded & stored.

### **Frequency of reporting to the board on water-related issues**

More frequently than quarterly

### **Please explain**

The SEF Manager keeps the General Manager up to date as to where the facility stands on the environmental and safety goals and initiatives. These updates are provided daily, weekly, monthly, or, as otherwise needed based on the topics to discuss in the update and the individual schedules of the parties involved. The SEF Manager follows procedures set up in the ISO14001 registered Environmental Management System and per KEI required procedures. These reports are on an ongoing basis at the facility during the year. They must also verify that the employees are aware of what is happening in their facility concerning these same safety and environmental issues/programs. Goals are communicated to every employee in the facility and progress is tracked on a monthly basis.

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### **Name of the position(s) and/or committee(s)**

Business unit manager

### **Responsibility**

Assessing future trends in water demand  
Assessing water-related risks and opportunities  
Managing water-related risks and opportunities  
Other, please specify

Each facility is under the control of the General Manager (business unit manager). This position oversees the SEF Manager. The SEF Manager keeps the General Manager current where the facility stands on the environmental & safety goals/initiatives.

### **Frequency of reporting to the board on water-related issues**

More frequently than quarterly

### **Please explain**

The General Manager is informed of their facility's status Safety and Environmental issues and goals that the company has established for the current year. They also meet on a monthly basis with the Director of Safety, Environmental and Facilities (corporate). The results of their facility" progress is reported in the SEF Council" monthly meeting and is available on demand to the General Managers through the SEF Council's online dashboard.

## W6.4

**(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?**

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	For our indirect (salaried) staff, one component of their bonus relates to their facility's success in meeting environmental and safety goals, including water-related issues. Meeting these goals positively impacts facility profitability, increasing the component of the bonus related to the facility's operations. Most importantly, in support of our focus on leadership environmental, social, and governance issues, including water-related issues, up to 10% of the short-term incentive plan bonus for both our CEO and our Chief Legal & Compliance Officer is determined by our achievement of certain sustainability goals and of certain ratings by independent organizations that rate our ESG performance.

## W6.4a

**(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?**

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Board chair Chief Executive Officer (CEO) Chief Risk Officer (CRO) Other, please specify All salaried employees	Reduction of water withdrawals Reduction in consumption volumes Improvements in efficiency - direct operations Improvements in efficiency - supply chain Improvements in efficiency - product-use Improvements in waste water quality - direct operations	For the CEO / Board Chair and the Chief Risk Officer: Up to 10% of the short-term incentive plan bonus for both our CEO and our Chief Compliance Officer is determined by our achievement of certain sustainability goals and of certain ratings by independent organizations that rate our ESG performance  All Salaried Positions globally participate in an incentive-based Profit Sharing Bonus plan. The bonus has two primary, equally weighted components for participants: company-wide performance and individual business unit/facility performance. Our achievement of environmental efficiency goals and successful deployment of environmentally efficient projects is captured in both components, as those achievements increase profits and, consequently, bonuses. For

		<p>Improvements in waste water quality - supply chain</p> <p>Improvements in waste water quality - product-use</p> <p>Implementation of employee awareness campaign or training program</p> <p>Supply chain engagement</p>	<p>example, by implementing environmental projects that decrease energy consumption and increase facility efficiency or reliability, we lower our production costs.</p> <p>Our hourly employees in some facilities participate in facility bonus plans that reward efficiency achievements, including environmental achievements.</p>
Non-monetary reward	Other, please specify All employees	<p>Reduction of water withdrawals</p> <p>Reduction in consumption volumes</p> <p>Improvements in efficiency - direct operations</p> <p>Improvements in efficiency - supply chain</p> <p>Improvements in efficiency - product-use</p> <p>Improvements in waste water quality - direct operations</p> <p>Improvements in waste water quality - supply chain</p> <p>Improvements in waste water quality - product-use</p> <p>Implementation of employee awareness campaign or training program</p> <p>Supply chain engagement</p>	<p>We recognize individual employees and departments at our various locations through luncheons, gifts, and publications of their environmental stewardship achievements both internally and publicly (including in our annual ESG report).</p>

## W6.5

### **(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?**

Yes, direct engagement with policy makers

Yes, trade associations

## W6.5a

### **(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?**

We have implemented processes to ensure direct and indirect activities that influence policy are consistent with our overall water policy as expressed in our global Human Rights policy.

Our Safety, Environmental, and Facilities Managers report any pertinent activity in their regions to the global SEF Council, which meets twice monthly. The SEF Council provides communications links between sites and KE headquarters through the global Director of Safety, Environmental, and Facilities and the Chief Legal & Compliance Officer. These executives, along with the SEF Council, and local general managers at each facility ensure that any facility-level activity is aligned to our corporate strategy. If we discover an inconsistency, the SEF Council engages with the appropriate leadership team members and with the facility personnel to make them aware of the inconsistency and develop a plan for resolving it.

Our Director of SEF, our SEF Managers, and our Chief Legal & Compliance Officer all actively participate in groups (trade associations, legislative connection committees, environmental stakeholder forums/groups) that discuss and keep us aware of water issues in our communities. Through this active participation, we ensure our external engagements are consistent with our corporate strategy and our water policy.

## W6.6

### **(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?**

Yes (you may attach the report - this is optional)

 2021\_KimballElectronics\_ESG.pdf

 Attached is the latest updated ESG Report.

Reference file:

<https://www.sec.gov/ix?doc=/Archives/edgar/data/1606757/000160675721000087/ke-20210630.htm>. The 10-K filing is public - see pages 13 and 14 discussing water-related risks and climate-related risks in our Risk Factors as well as the ESG report's discussion about water conservation projects toward our water use reduction goal (see pages 6 and 7 in the ESG report).

## W7. Business strategy

### W7.1

**(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	Our ESG commitment is integrated into every aspect of our business, including our supply chain and in the way we serve our customers sustainably. Our programs and initiatives exemplify our strategy. Access to affordable, reliable, and adequate freshwater supply is critical to the success of our business because it is required across our operations and supply chain to meet our customers' needs. The primary use of freshwater outside of our manufacturing operations and those of our supply chain partners is for sanitation, drinking water, cooking, and bathing, etc. In manufacturing, KE and its suppliers use freshwater for rinsing parts, cleaning, HVAC, and cooling, etc. For these reasons, we have incorporated water management into our environmental management system under ISO 14001 and our global Human Rights Policy, both of which go beyond the requirements of regulatory compliance. We monitor our supply chain to ensure compliance with our social and environmental standards in the global Human Rights Policy and our global Supplier Quality Manual. To align our efforts with the United Nations Sustainable Development Goals (SDGs), we committed to a water goal (2020-2025).
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	Access to affordable, reliable, and adequate freshwater supply is critical to the success of our business because it is required across our operations and supply chain to meet our customers' needs. The primary use of freshwater outside of our manufacturing operations and those of our supply chain partners is for sanitation, drinking water, cooking, and bathing. In manufacturing, KE and its suppliers use freshwater for rinsing parts, cleaning, HVAC and cooling, etc. For these reasons, we have incorporated water management into our environmental management system under ISO 14001



			<p>and our global Human Rights Policy, both of which go beyond the requirements of regulatory compliance. We monitor our supply chain to ensure compliance with our social and environmental standards in the global Human Rights Policy and our global Supplier Quality Manual. To align our efforts with the United Nations Sustainable Development Goals (SDGs), we committed to a water goal (2020-2025). Our publicly available water policies include commitments to taking the necessary measures to provide a safe and healthy workplace; preventing labor risks like forced labor, child labor, and human trafficking; and protecting the environment. We apply sound practices for land and water use consistent with emerging international practices while considering the impact of our global activities on water stress.</p> <p>Additionally, our SEF Council follows up on how we are meeting our goals on an overall quarterly basis.</p>
Financial planning	Yes, water-related issues are integrated	5-10	<p>The primary use of freshwater outside of our manufacturing operations and those of our supply chain partners is for sanitation, drinking water, cooking, and bathing, etc. In manufacturing, KE and its suppliers use freshwater for rinsing parts, cleaning, HVAC, and cooling, etc. For these reasons, we have incorporated water management into our environmental management system under ISO 14001 and our global Human Rights Policy, both of which go beyond the requirements of regulatory compliance. We monitor our supply chain to ensure compliance with our social and environmental standards in the global Human Rights Policy and our global Supplier Quality Manual. To align our efforts with the United Nations Sustainable Development Goals (SDGs), we committed to a water goal (2020-2025). Understanding the financial impacts of water risks and opportunities is an important part of our strategy. These financial aspects include the operation costs of water, the impact on our supply chain, customer and other stakeholder issues as well as reputational impacts. We use our water management strategy and related financial planning to evaluate projects involving our goals including reduction of water consumption and withdrawal by our facilities; promotion of water recycling and reuse at our facilities; promotion of wastewater</p>



			treatment and freshwater conservation measures; and achievement of more efficient water management.
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## W7.2

**(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?**

Row 1

**Water-related CAPEX (+/- % change)**

2

**Anticipated forward trend for CAPEX (+/- % change)**

2

**Water-related OPEX (+/- % change)**

5

**Anticipated forward trend for OPEX (+/- % change)**

5

**Please explain**

Access to affordable, reliable, and adequate freshwater supply is critical to the success of our business because it is required across our operations and supply chain to meet our customers’ needs. The primary use of freshwater outside of our manufacturing operations and those of our supply chain partners is for sanitation, drinking water, cooking, and bathing, etc. In manufacturing, KE and its suppliers use freshwater for rinsing parts, cleaning, HVAC, and cooling, etc. We do not anticipate our potable water needs changing, and we do not yet have large scale reclaimed water systems to offset our dependency. As a result, we have not experienced, nor do we anticipate, a significant change in CAPEX or OPEX. We expect future operational expenditures to change an average of +/- 5% per year based on business growth, efficiency improvements, divestitures, and acquisitions.

## W7.3

**(W7.3) Does your organization use scenario analysis to inform its business strategy?**

	Use of scenario analysis	Comment
Row 1	No, and we do not plan to do so within the next two years	At this time, we have no plans. We are gaining knowledge on what scenario analysis plays and seeing if it fits into forecasting process.

## W7.4

**(W7.4) Does your company use an internal price on water?**

Row 1

**Does your company use an internal price on water?**

No, and we do not anticipate doing so within the next two years

**Please explain**

Our business is not water intensive and our approach to water security is driven by our overall sustainability strategy, our exposure to water-stressed regions, and our water reduction goals, and does not currently include an internal price on water.

## W7.5

**(W7.5) Do you classify any of your current products and/or services as low water impact?**

	Products and/or services classified as low water impact	Definition used to classify low water impact	Please explain
Row 1	Yes	The parts we manufacture for our customers are most often used in end products that do not consume water. In addition, some of our products are designed as sensors and controls and similar technologies that our customers can incorporate into technologies that minimize water use and loss.	We minimize water impacts by improving our water efficiency throughout our global operations. The parts we manufacture for our customers are most often used in end products that do not consume water. In addition, some of our products are designed as sensors and controls and similar technologies that our customers can incorporate into technologies that minimize water use and loss.

## W8. Targets

### W8.1

**(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.**

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
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<p>Row 1</p>	<p>Company-wide targets and goals Site/facility specific targets and/or goals</p>	<p>Targets are monitored at the corporate level Goals are monitored at the corporate level</p>	<p>We have company-wide, business unit level, and facility level targets and goals. To align our efforts with the United Nations Sustainable Development Goals (SDGs), we committed to a water goal (2020-2025). This goal to reduce water usage helps drive water efficiency in our operations, reduce operating expenses, increase the value we bring to our customers, and further engage employees in our overall sustainability effort</p> <p>Our approach to setting and monitoring these targets and goals include commitments to taking the necessary measures to provide a safe and healthy workplace; preventing labor risks like forced labor, child labor, and human trafficking; and protecting the environment. We apply sound practices for land and water use consistent with emerging international practices while considering the impact of our global activities on water stress. KE strives to respect human rights in setting and monitoring our environmental management policies and goals.</p>
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### W8.1a

**(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.**

**Target reference number**

Target 1

**Category of target**

Monitoring of water use

**Level**

Company-wide

**Primary motivation**

Corporate social responsibility

**Description of target**

By 2025, we will reduce overall water withdrawals by at least 20% absolute (base year 2019).

**Quantitative metric**

Other, please specify  
% reduction in total water withdrawals

**Baseline year**

2019

**Start year**

2020

**Target year**

2025

**% of target achieved**

19.7

**Please explain**

In the base year 2019, we withdrew 111.269 megaliters in 2019 versus 106.89 megaliters in 2021. This equates to 19.7% of our 2025 target.

## W8.1b

**(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.**

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**Goal**

Other, please specify

Monitor and measure our performance and comply with all applicable employee health and safety regulations and requirements, including those related to water

**Level**

Company-wide

**Motivation**

Corporate social responsibility

**Description of goal**

We have an ongoing, annual goal to monitor and measure our performance and comply with all applicable employee health and safety regulations and requirements, including those related to water. This commitment is stated in our SEF Policy and our Human Rights Policy.

Implementation: Our Guiding Principles recognize the importance of our employees and our communities. Through our Guiding Principles, our employee health and safety policies, and our management systems and certifications, we have committed to monitoring and measuring our performance and employee health and safety regulations and requirements, including those related to water to maintain our status as a responsible corporate citizen in all locations in which we operate. All of our manufacturing facilities are ISO 14001. Pursuant to the ISO 14001 Environmental Management System and/or our KEI Safety, Environmental, Facilities assessments, we methodically identify, monitor, address, mitigate, and control facility-level and corporate-wide risks and are audited against standard audit protocols.

**Baseline year**

2019

**Start year**

2020

**End year**

2025

**Progress**

Threshold of success and description of indicators used to assess progress: (1) collecting water withdrawal, consumption, and discharge data annually (2) achievement of our water reduction target and (3) number of environmental violations related to water discharge or wastewater regulations. KE did not have any water violations in 2021. This goal is ongoing. In 2021, we achieved 19.7% of our water target to reduce overall water consumption by at least 20% absolute (base year 2019) – this target is one of the measures of success for this qualitative goal.

## W9. Verification

### W9.1

**(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?**

No, we do not currently verify any other water information reported in our CDP disclosure

## W10. Sign off

### W-FI

**(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

### W10.1

**(W10.1) Provide details for the person that has signed off (approved) your CDP water response.**

	Job title	Corresponding job category
Row 1	Chief Legal & Compliance Officer	Chief Risk Officer (CRO)

## **W10.2**

**(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].**

Yes