



2021
SUSTAINABILITY
REPORT



The Power of True Capability

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President, COO and CEO Statement

I am pleased to share with you Waupaca Foundry's 2021 Sustainability Report. This report covers the 2021 fiscal year (April 2021 - March 2022) and includes key information about Waupaca Foundry (WFI) operations, commitments, environmental stewardship and workforce in relation to sustainability and our business objectives.

After a year of uncertainty in fiscal year 2020, WFI was hopeful for relief from the COVID-19 pandemic as the market began to return to normal. By Q1 of fiscal year 2021, all WFI plants were running at full force. Demand for iron castings remained moderate from the previous fiscal year but quickly ramped up as consumers re-entered the market.

However, multiple supply chain disruptions in Q4 of 2020 and Q1 of 2021 set the tone for the rest of the fiscal year. A winter storm hit the state of Texas in Q4 of 2020, which shuttered chemical plants for plastics, foams and resins. Delays at U.S. ports due to a surge in demand for containers left suppliers waiting for parts and goods; The weeklong Suez Canal blockage in Q4 of 2020 also had remnant effects on shipment and delivery. Low availability of steel inventory disrupted multiple sectors. There was also a global semiconductor shortage due to capacity constraints and the lack of inventory for microcontrollers that are sourced from a single supplier outside the U.S.

The pandemic-related economic shutdown in 2020 caused supply chain disruption in 2021. Inventories were low, and consumer demand was high, causing a quick and aggressive rebound, challenging Waupaca Foundry delivery targets.

Material constraints coupled with the sudden loss of labor to the Great Resignation left the supply chain challenged to support the level of demand. The pain was significant to WFI's operations. The imbalance of supply and demand increased costs, and WFI witnessed high pricing of materials for our production operations. WFI exhausted all efforts to continue meeting delivery, quality and customer needs, including having to source alternative materials that are located further from our local operations.

In the latter half of fiscal year 2021, the continued price increase for goods resulted in inflation. These supply disruptions not only affected WFI but also our customers and suppliers alike. WFI worked closely with our internal and external partners to communicate these disruptions and execute contingency plans. However, the ongoing impact of supply chain disruption dramatically affected both operational and financial performance.

Looking forward, solving the labor crisis, rebalancing supply and demand, and controlling inflation will be critical in alleviating the negative market impacts felt by WFI and other manufacturers.

Despite the headwinds of fiscal year 2021 mentioned, I am optimistic. Our responsibility to our customers and our team members remains top priority, and WFI will forge its way forward to meet changing market conditions and customer demand for long-term sustainability.

We value your feedback and welcome any questions or comments on the contents of this report. Please utilize the contact information located on our website.



Mike Nikolai
President,
COO and CEO

About Us



2021 SALES

\$1.78
Billion

WHO WE ARE

Waupaca Foundry, a Hitachi Metals Group company, is the largest producer of gray, ductile and austempered ductile iron in the world, melting 2,197,992 tons of iron in fiscal year 2021. Our castings are produced using our custom-built vertical green sand molding machines and created by a workforce of nearly 4,800+ people, which puts generations of expertise to work for our customers every day.

We provide a singular blend of stability and innovation, expertise and collaboration, and the realization that we hold ourselves to higher standards because customers and employees depend on us. We pride ourselves on our technical expertise and process control, providing castings for our customers that only we can produce — a result of our extensive experience and consistent approach to the application of technology throughout our value chain.

HISTORICAL MILESTONES

Throughout its history, Waupaca Foundry has maintained a reputation of innovation and producing top-quality iron castings. A few years after the foundry started, it had a capacity of melting 30 tons of iron daily. Yielding a fiscal 2021 iron melting capacity of more than 9,500 tons daily across five foundries in the United States, Waupaca Foundry melts the equivalent weight of the U.S. Capitol Dome in Washington, D.C. (comprised of 4,100 tons of cast iron) every 10 hours.

1871: The Pioneer Foundry opened on the banks of the Waupaca River, just east of Main Street in the city of Waupaca, Wisconsin.

1948: 200 shares of common stock establish Waupaca Foundry, Inc.

1955: Assets of Pioneer Foundry were acquired, and Waupaca Foundry, Inc. was established.

1957: Waupaca Foundry cast truck brake drums, heavy truck axle parts, water- and air-cooled industrial equipment parts, wood and metal working equipment castings, electric motor housings and parts for electric door openers. A 4-ton cupola with a 45-foot stack was constructed, operations were transferred to a new plant (today known as Plant 1), and the melting capacity increased to 30 tons per day.

1969: An addition to the industrial park plant of Waupaca Foundry doubled iron casting production capacity at the plant and created what is known today as Plant 2/3.

1973: Plant 4 was constructed in Marinette, Wisconsin.

1996: Plant 5 was built in Tell City, Indiana.

1999: The world's largest vertical sand molding machine at Plant 5 was installed. The machine was designed and built by Waupaca Foundry, making it the largest non-captive iron foundry in the world.

2000: Construction began on Plant 6, located in Etowah, Tennessee.

2012: KPS Capital Partners acquired Waupaca Foundry, formerly known as ThyssenKrupp Waupaca. Upon closing, the company was renamed Waupaca Foundry, Inc.

2014: Hitachi Metals, Ltd. signed an agreement to purchase Waupaca Foundry from KPS Capital Partners; Waupaca Foundry was acquired by Hitachi Metals, Ltd. and joins its High-Grade Functional Components Company.

2015: \$27 million was invested to expand three plants in Waupaca, Wisconsin.

2016: Hitachi Metals Automotive Components USA merged with and began operating as Waupaca Foundry.

2018: WFI expands into Michigan with a new casting processing facility.

2019: WFI opened a machining operation adjacent to its gray iron foundry located on the east side of Waupaca, Wisconsin.

2020: The Lawrenceville ductile iron operation was sold to Victaulic for the production of mechanical pipe joining and flow control iron castings.



OUR LOCATIONS

Waupaca Foundry employs a staff of more than 225 at its headquarters in Waupaca, Wis. Our plants employ locally and deliver globally, serving a range of market sectors worldwide.



Iron Type: Gray iron
Melt capacity: 90 tons per hour
Markets served: Agriculture, construction, commercial vehicle, material handling, hydraulics, power tool and power transmission
Products manufactured: Hydraulic housings, flywheels, weights, covers, brackets, turbo bearing housings, clutch housings, pulleys and brake rotors

PLANT 1

WAUPACA, WI
728 Employees



Facility Type: Gray iron casting cleaning and finishing facility.
Markets served: Agriculture, construction, material handling, hydraulics and power transmission
Products Finished: Hydraulic housings, covers, brackets, bearing blocks, clutch housings and pulleys

PLANT 1

IRONWOOD, MI
40 Employees



PLANT 2/3

WAUPACA, WI

986 Employees



WAUPACA FOUNDRY MACHINING CENTER

15 Employees

Iron Type: Gray iron
Melt capacity: 120 tons per hour
Markets served: Light vehicle, agriculture, commercial vehicle, construction, material handling, heating, power tools, power transmission and infrastructure
Products manufactured: Electric motor housings, boiler sections, transmission housings, brake rotors, flywheels and bedplates



PLANT 4

MARINETTE, WI

844 Employees

Iron Type: Ductile iron
Melt capacity: 75 tons per hour
Markets served: Light vehicle, material handling, power transmission, agriculture, hydraulics and commercial vehicle
Products manufactured: Brake calipers, brake anchors, differential cases, bearing caps, slack adjusters, spring hangers and steering housings



PLANT 5

TELL CITY, IN

1,066 Employees

Iron Type: Gray iron, ductile iron and compacted graphite

Melt capacity: 160 tons per hour

Markets served: Light vehicle, commercial vehicle, agriculture and construction

Products manufactured: Brake rotors and drums, brake calipers, crankshafts, differential carriers, differential cases and flywheel housings



PLANT 6

ETOWAH, TN

680 Employees

Iron Type: Ductile iron

Melt capacity: 80 tons per hour

Markets served: Light vehicle, material handling, agriculture, construction, hydraulics and commercial vehicle

Products manufactured: Brake calipers & anchors, differential cases, knuckles, control arms and damper hubs



PLANT 7

EFFINGHAM, IL
292 Employees

Type of facility: Machining and assembly
Markets served: Light vehicle and commercial vehicle
Products manufactured: Suspension components, exhaust manifolds and brackets for original equipment automotive manufacturers

OUR PROCESS AND TECHNOLOGY

Our process begins with a blend of raw materials composed of a customized mix of metals, select alloys and recycled scrap iron. The mixture varies based upon the needs of our customers and the type of casting that is produced. The metal mixture is melted in large furnaces at temperatures ranging from 2,600 to 2,800 degrees Fahrenheit. The molten iron is then poured into molds made out of sand. Cores, which are molded sand inserts, are used to create the interior surfaces of the casting. We use a variety of core-making processes that give us flexibility in the complexity, size, weight and dimensional control of our castings. As the castings travel down the molding line, the temperature gradually decreases, and the castings enter a shakeout process to remove sand from the castings. Over 80 percent of the sand is reclaimed and recycled for reuse. The castings are then cleaned to remove residual sand and other molding media from the casting surface. The final step is to grind off any excess material left from the molding process and inspect in order to meet our customers' specifications.

We design and build our own casting equipment that helps prevent downtime and offers efficiency and customization to meet our customers' requirements. In some casting applications, we even help reduce the need for multiple cast, fabricated or welded parts, thereby simplifying assemblies for our customers, as well as reducing their inventory costs. We apply cutting-edge technology to reduce total overall manufacturing costs through innovative casting and core passage designs, waste reduction and mass reduction of our products. The techniques used in our process allow us to design, engineer and manufacture world-class equipment and processes. Not only is our process cost competitive, it also improves casting consistency and quality.

WAUPACA FOUNDRY MISSION

Waupaca Foundry produces iron castings, focusing on transportation, construction, agriculture and industrial markets worldwide.

We embrace lean manufacturing techniques in all our facilities and manage other value-added services for our customers. Our customers' expectations are met through innovative technology, continuous improvement culture, and the efforts of our dedicated, motivated, highly trained workforce.

We maintain strong social and environmental commitments to our employees and communities, including: improvements sustained through GREEN initiatives, a well-maintained and safe environment, and the encouragement of employees' personal growth through advancement and continuing education.

GOVERNANCE STRUCTURE

Our corporate governance framework ensures accountability, fairness and transparency in our relationship with our stakeholders. Our sustainability program is overseen by a cross-functional Sustainability Committee, made up of representatives from all areas of our business.

Waupaca Foundry's Board of Directors currently consists of six directors who have four meetings throughout the year and report regularly to indirect parent company Hitachi Metals, Ltd. The Board oversees several committees, including the Sustainability Committee, and our sustainability strategy and reports are made available to the Board. Primary leadership for sustainability implementation resides with the Director of Environmental Engineering who reports to the president, COO and CEO, who serves as the executive sponsor of the Sustainability Committee.

Board members are nominated/elected/appointed by parent Hitachi Metals America, Ltd. and chaired by the company's president & CEO.



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“In an ever-evolving marketplace, Waupaca Foundry's ability to supply high-quality cast and machined components is hindered if we do not first recognize our responsibility to the environment.”

*Mike Nikolai
President, COO and CEO for Waupaca Foundry*

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ETHICS AND INTEGRITY

Our Code of Conduct and compliance policies embody our commitment to ethics and integrity in business and guide us toward meeting the challenges of a global market while adhering to our principles of social responsibility and maintaining compliance with all applicable laws and regulations.

Waupaca Foundry is committed to respecting the fundamental rights laid down in the United Nations Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Consistent with Principle 15 of the Rio Declaration on Environment and Development, Waupaca Foundry also supports the use of the precautionary principle in its approach to risk management in its strategic planning and policy implementation.

Our Code of Conduct emphasizes our commitment to the goals of sustainable development, aside from the company's economic performance, and also includes social benefits, resource consumption, jobs and advanced training. The Executive Board and Managing Board of Waupaca Foundry are responsible for the principles outlined in our code of conduct, including:

- Equal Opportunity
- Working Time and Vacation
- Remuneration
- Health, Safety and Working Conditions
- Promotion of Vocational Training
- Right to Associate
- Forced and Child Labor

We are committed to ensuring that these principles are made known to customers and suppliers, and we encourage our customers and suppliers to consider corresponding principles in their own corporate policies. Waupaca Foundry's Code of Conduct is available upon request.

CODE OF CONDUCT

Suspected violations are to be reported to Waupaca Foundry's legal department by phone at +1 715-258-6611 or email at communications@waupacafoundry.com. All reported potential violations are reviewed and investigated by the legal department. The Board of Directors is informed after an initial investigation is completed.

Our Commitment to Sustainability



SUSTAINABILITY

Foundries have long served as society's recyclers, and our industry provides value to society by diverting materials such as old iron castings and scrap steel from landfills and instead using them as input materials in the melting process to create new products. Recycling old castings offers the net least environmental impact to remake another casting and reuse what is no longer being used for its original purpose. The use of steel scrap in charge mixes as an additional material helps to achieve the same goal. This recycling trend is not exclusive to iron foundries but includes aluminum, copper, lead and other metal foundry operations.

Along with the valuable benefits resulting from foundries' role as recyclers of scrap metals come a number of impacts associated with foundry processes. Regardless of the source of our input materials, melting metal requires large quantities of energy. Water is needed to cool production equipment used in the foundry environment. Foundry operations also have the potential to generate large amounts of dust that can impact the atmosphere. Waste generated by foundries includes large volumes of foundry sand from the molding and casting process. Just as we do with our products, Waupaca Foundry's approach is to apply science and our technological expertise to address these impacts as described in the following sections of this report.

To focus these and other sustainability efforts under a cohesive, structured initiative, we formed a Sustainability Committee in 2014. The Sustainability Committee works through a formal process to identify the issues that are material to our business, identify our key stakeholders, and develop objectives and targets that support our overall sustainability vision.

The five basic principles in the Hitachi Metals Company Code of Conduct provide the foundation of our sustainability strategy:

1. Enhancing Awareness of Social Responsibility and Corporate Ethics
2. Pursuing Mutual Growth With Our Business Partners
3. Promoting Truthful Communication With Society
4. Thinking About Our Next Generation – An Environmentally Friendly Solution
5. Fostering the Welfare of Employees and Society

MATERIALITY ASSESSMENT

The Sustainability Committee conducted a materiality assessment to formally define the issues important to us and our stakeholders. We rated each of the aspects using the six evaluation criterion below and ranked the aspects by average weighted materiality score:

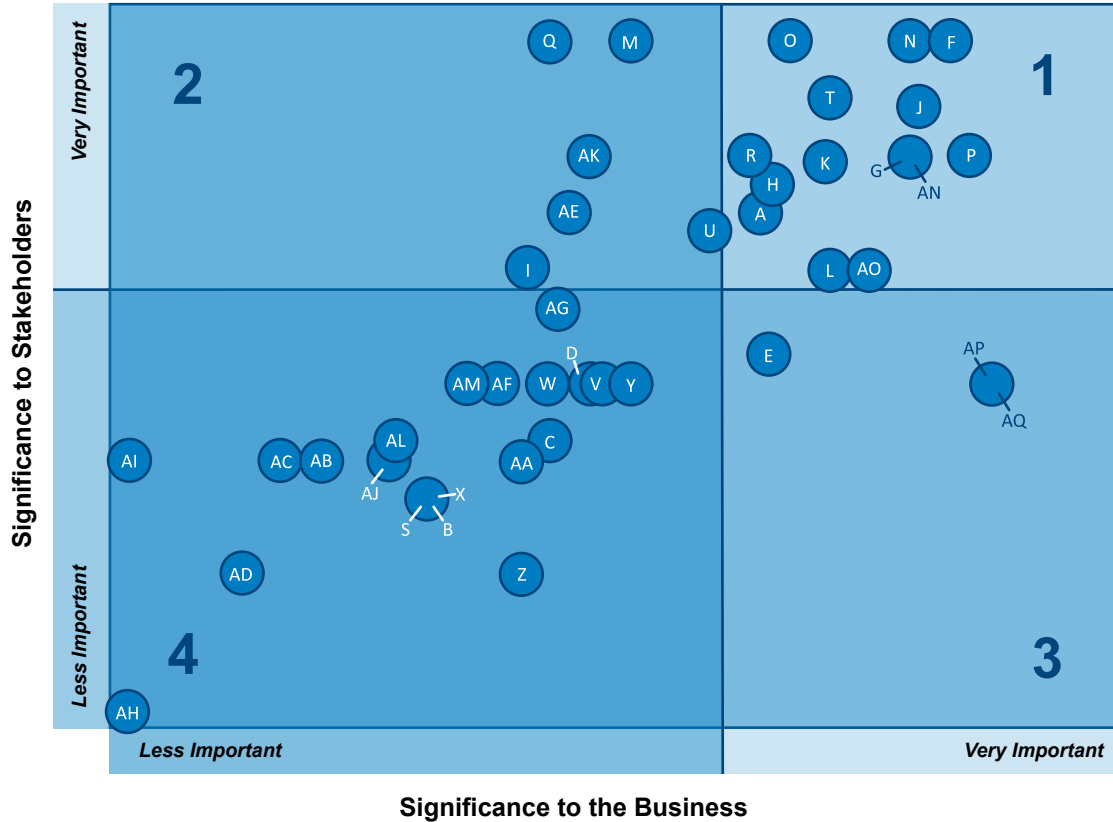
- Financial Implications
- Legal/Regulatory/Policy Implications
- Established Industry Norms
- Relevance to Stakeholders
- Opportunity for Innovation
- Forward-Looking Adjustment for Future Risk/Opportunity

The team then used this ranking to evaluate appropriate targets for disclosure and performance improvements. In setting objectives and targets, the team reviewed the availability and quality of current data to assess the ability to improve disclosure, as well as the complexity of the effort required to improve performance. Evaluation criteria for the material aspects were aligned with the Sustainability Accounting Standards Board's (SASB) materiality assessment criteria (www.sasb.org), and results of the materiality assessment align with our internal Enterprise Risk Assessment outcomes. Our assessment process provides means to periodically evaluate our focus areas and allows us to concentrate on those areas of greatest concern to our stakeholders and greatest impact on our business. All material aspects apply to all of our business units to some degree.

WHAT IS A MATERIALITY ASSESSMENT?

A materiality assessment is an exercise designed to gather insight on the relative importance of specific economic, environmental, social and governance issues within the organization's boundary for a given time period. An organization should report sustainability issues that cause the most impact within these areas, as well as those considered most important by its internal and external stakeholders. The materiality assessment is the process of determining these material issues and their impact on internal and external stakeholders.

Materiality Assessment



Potential Material Aspects (GRI)

A Economic Performance	W Supplier Assessment for Labor Practices
B Market Presence	X Investment
C Indirect Economic Impacts	Y Non-discrimination
D Procurement Practices	Z Freedom of Association and Collective Bargaining
E Tax	AA Child Labor
F Materials	AB Forced and Compulsory Labor
G Energy	AC Security Practices
H Water and Effluents	AD Rights of Indigenous People
I Biodiversity	AE Supplier Social Human Rights Assessment
J Emissions	AF Local Communities
K Waste	AG Anti-Corruption
L Products and Services	AH Public Policy (Political Involvement)
M Compliance	AI Anti-Competitive Behavior
N Transport	AJ Supplier Assessment for Impacts on Society
O Overall	AK Customer Health and Safety
P Supplier Environmental Assessment	AL Marketing and Labeling
Q Environmental Grievance Mechanisms	AM Customer Privacy
R Employment	AN Quality
S Labor/Management Relations	AO Logistics
T Occupational Health and Safety	AP Research and Development
U Training and Education	AQ Future Technology Development
V Diversity and Equal Opportunity	

MATERIALITY ASSESSMENT *(Continued)*

Based on our materiality assessment, we identified the following material aspects for our business, which form the basis for our report content and performance metrics:

Environmental

- Materials
- Energy
- Emissions
- Waste
- Supplier Environmental Assessments
- Water
- Overall (Environmental)
- Transport/Logistics
- Products and Services (Environmental)

Social

- Employment
- Occupation Health and Safety
- Legal Compliance

Economic

- Economic Performance
- Quality

STAKEHOLDER ENGAGEMENT

The Sustainability Committee also worked through a systematic process to identify and prioritize stakeholders and evaluate the significance of aspects against criteria that supported the business mission and objectives.

Evaluation Criteria for mapping and assessing stakeholder prioritization were:

- Influence and Decision-Making Power
- Credibility
- Willingness to Engage
- Proximity and Duration of Relationships
- Contribution Value

Our stakeholder evaluation included benchmarking key customers and competitors to better understand issues of importance and industry norms. Our participation in industry trade groups, such as the American Foundry Society (AFS), Foundry Educational Foundation (FEF) and Wisconsin Manufacturers & Commerce (WMC), also informed our process and allows us to promote the discussion and advancement of environmental topics, including energy use and carbon-related emissions. For example, Waupaca Foundry staff participates in Solid Waste Water and Air Quality technical committees through AFS that develop and share best practices amongst AFS members for managing solid waste and protecting air and water quality. We are also involved in AFS's efforts to explore ideas on how foundries can operate more sustainably in the future.

We recognize additional opportunities in the area of stakeholder engagement and will continue our efforts to better understand and incorporate our stakeholders' views into our sustainability initiatives and reporting.



STAKEHOLDER ENGAGEMENT *(Continued)*

The Sustainability Committee identified opportunities with employees and their families, customers and our suppliers as primary areas of focus, and we continue our engagement strategies to solicit views from these stakeholder groups, as shown in the following table:

STAKEHOLDER GROUPS	ENGAGEMENT STRATEGIES
Current Employees	<ul style="list-style-type: none"> • Open door policy • Employee engagement surveys • Key group and lead group meetings • Biannual planning meeting • Company newsletter and newspaper (Foundry News) • E portal Application (HUB) • Employee wellness program • Kaizen program • Behavior-based safety, including safety suggestion and near-miss reporting • Conduct Stay and Exit interviews • Waupaca Way production management system
Employees' Families and Dependents, and Retirees	<ul style="list-style-type: none"> • Company picnics and anniversary and retirement celebrations • Summer help and internship programs • Hire retirees as consultants • E portal Application (HUB)
Prospective Employees	<ul style="list-style-type: none"> • Job fairs • College industry conference (Foundry Educational Foundation) • Plant tours and visits • Foundry-in-a-Box simulation • Mini cupola demonstrations on site or at universities and technical colleges • Scholarships and K-16 partnerships, local college investment • Offer part-time, flexible schedule • waupacafoundry.com
Customers	<ul style="list-style-type: none"> • Blog and e-newsletter (PartingLINE) • Voice-of-the-Customer surveys • Casting competition and award submissions • Foundry 101 • In-house visits • Value analysis/Value engineering and other collaborations • Trade show participation • Code of conduct and compliance policies published • waupacafoundry.com • Measure brand perception and purchase intent • Public relations (earned content)
Potential Customers	<ul style="list-style-type: none"> • Blog • Casting competition and award submissions • In-house visits • Value analysis/Value engineering, lightweighting, casting conversions and other collaborations • Trade show participation • waupacafoundry.com • Digital marketing strategies including banner ads, social ads, SEO, etc. • Public relations (earned content)
Suppliers	<ul style="list-style-type: none"> • Code of conduct and compliance policies published • Supplier assessments • waupacafoundry.com

Using our materiality assessment and our stakeholder mapping results, our committee established comprehensive performance improvement objectives and targets for our company. Our management approach and performance indicators for 2021 are outlined in the following sections of this report.

STAKEHOLDER ENGAGEMENT *(Continued)*

MATERIAL ASPECT (GRI)	OBJECTIVES	TARGETS (Fiscal 2020 Baseline Year Unless Otherwise Noted)
Indirect Economic Impacts	To be a positive economic impact on the communities in which we operate.	<p>Provide and support educational opportunities to local citizens, including direct funding to schools, internships, technical school/college collaborations, student mentoring opportunities and scholarships.</p> <p>Provide competitive compensation which supports the employees' families and, in turn, other community businesses (as compared to available external compensation reports).</p>
Energy	Facilitate energy use reductions in Waupaca Foundry operations.	Reduce energy intensity by 5% by end of FY 2023, using FY 2019 energy use as the baseline (MMBTU per ton of iron melted).
Emissions	Promote alternative processes and maintain state-of-the-art pollution control technologies.	Maintain air pollution control systems considered as "best available" by the U.S. Environmental Protection Agency and associated state regulatory agencies for all processes, regardless of the original installation date.
Emissions	Facilitate and trial alternative strategies to reduce carbon emissions in support of pending net zero emission goals targeted for 2030-2050.	<p>Reduce the cumulative electrical consumption carbon footprint 30%* by end of FY 2023, via investment in new renewable energy developments facilitated by virtual power purchase agreements (VPPA).</p> <p>*30% of electricity usage at ~300,000 MWh (equivalent to Plant 4's electric usage)</p>
Effluents and Waste	Reduce spent foundry sand generation while promoting offsite reuse/recycling opportunities of remaining spent materials to minimize landfill disposal.	Achieve a cumulative 80% beneficial reuse of spent foundry materials by end of FY 2023 (% tons beneficially reused against total tons generated).
Water	Facilitate water use reductions in Waupaca Foundry Operations.	Reduce water use consumption by 10% by end of FY 2023 (gallons).
Environmental Compliance	Identify and maintain compliance to legal and other requirements to which the organization subscribes and that are applicable to the environmental aspects of its activities, products and services.	Maintain the organizational commitment to ongoing compliance with no receipt of violations, fines or sanctions.

STAKEHOLDER ENGAGEMENT (Continued)

MATERIAL ASPECT (GRI)	OBJECTIVES	TARGETS (Fiscal 2020 Baseline Year Unless Otherwise Noted)
Supplier Environmental Assessment	Ensure environmental compliance and promote environmental stewardship and sustainability throughout the supply chain.	<p>Supplement the original top 25 significant suppliers survey (representing 70% total spend) with targeted additions.</p> <p>Maintain and update supplier communication tools (regular contacts, contractor safety program, contractor bid and new vendor review, supplier surveys, etc.) to promote improvements in supplier sustainability performance by end of FY 2023.</p>
Occupational H&S	Prevent health and safety incidents for employees, contractors and visitors. Drive continuous improvement as a key component of the WFI safety management system. Reduce lost time rates and worker compensation costs by setting and achieving annual risk reduction goals at each facility.	<p>Achieve 200,000 units* of risk reduction annually, culminating in 1 million amassed risk reduction units by FY 2025.</p> <p>Reduce lost time case rates to <1.0** by FY 2025.</p> <p>*Risk reduction units for completed projects based upon: Risk reduction = Hierarchy of Control X # of employees affected. Credit increases as solution effectiveness increases. Elimination = 12 Substitution = 7 Engineering Control = 5 Admin / PPE = 1</p> <p>**Lost time rate = # of lost time injuries X 200,000 / # of hours worked</p>
Training and Education	Create and support career development opportunities for employees' personal growth.	<p>Maintain 100% tuition reimbursement for Waupaca Foundry employees' continuing education (within company guidelines).</p> <p>Maintain 100% of Waupaca Foundry employees receiving career training each year (training required to perform their specific job requirements and/or developmental training for future growth).</p> <p>Review current Six Sigma or related training status, and if less than 100% achieved, determine best practices/strategies to maintain 100% for the workforce by December 31, 2022 (Kaizen/Green Belt/Black Belt/6S/Lean).</p> <p>Achieve and maintain leadership training to 100% of the employees in leadership positions by 2025.*** FY 2021 ended with a 56% result. Develop and implement Basic Leadership Training to supplement awareness for all applicable leaders as an interim best practice prior to the 2025 goal.</p> <p>Foster and maintain a 50% or greater total promotion rate for management-level positions from internal employees. FY 2021 ended with a 96% result.</p>

***For leaders with greater than six months of service.

Operational Excellence



ECONOMIC PERFORMANCE

Waupaca Foundry aims to be a positive economic impact on the communities in which we operate. Throughout ongoing COVID-19 pandemic adjustments this past fiscal year, WFI continued to make decisions that were best for both the health and safety of its employees and the viability of business. While the pandemic's associated economic supply chain challenges impacted Waupaca Foundry in some areas, it also increased business in others — favorably impacting WFI's fiscal year 2021 revenue overall.

From late March through June 2021, the mask mandates were slowly lifted throughout WFI's production plants, and business prospects appeared to be very hopeful as well. The global semi-conductor computer chip shortage hit the OEMs in the automotive industry, however, shutting down some larger automotive plants and negatively impacting WFI's automotive part production overall, but this was offset by increased business in the commercial vehicle (especially aftermarket), agricultural and industrial markets.

Working together and sharing talent among plants more than usual, as well as instituting new initiatives to bring in new plant employees, Waupaca Foundry ultimately managed to balance employment, minimizing shutdowns at some plants while also mitigating overworking employees at others. This was accomplished, to the best of Wauapaca Foundry's ability, through the flexibility of our employees. Due to a four-week shutdown for a complete cupola shell replacement at one plant, other plants increased production to compensate, and no work was lost. WFI's efforts to maintain competitive compensation, along with additional employee benefit improvements, led to greater retention of employees, overall, this fiscal year.

PRODUCTS AND MARKETS SERVED

Primarily due to the shortage of semi-conductor computer chips and the impact on the automotive sector, WFI business to automotive customers was down 10 to 20 percent for much of fiscal year 2021, and non-automotive, off-highway (agriculture and construction) and commercial vehicle truck production was up 20 to 40 percent for the same time period.

WFI operations remain highly diversified, with the capability of producing 5,000 part numbers from 350 product categories. Throughout fiscal year 2021, Waupaca Foundry sales in the non-automotive sector were strong and exceeded budget, while the shutdown of a number of large OEM automobile manufacturing plants prompted a significant reduction in the sale of automotive sector products. WFI continues to win new business, notably in the expansion of the aftermarket rotor business, and also an expansion in municipal casting content.

Located in the U.S., our foundries serve the following markets:

- Agriculture
- Construction
- Infrastructure
- Commercial Vehicle
- Light Truck and Passenger Car
- Material Handling
- Hydraulics
- Power Tools
- Power Transmission
- Heating, Ventilation and AC Equipment
- Fitness
- Municipal



COMMITMENT TO QUALITY

We believe our customers deserve the best quality, on time, at a competitive price. Many of the products we make, such as brake components, are safety critical and demand high quality. We understand and meet or exceed the strict standards and requirements of our customers, stakeholders and government agencies. Accountability lies with all members of the organization through understanding their roles in supporting quality and customer satisfaction. We maintain company-wide certifications to the ISO 9001 and IATF 16949 international quality standards, and our manufacturing and inspection processes ensure customers have the highest quality castings in the industry.

We pride ourselves on the way we apply science to our product design and manufacturing processes. From our top leaders to our manufacturing teams, metallurgists are involved in controlling process consistency and continuously improving our technology. We have developed proprietary processes and customized equipment to monitor iron temperature, additives and casting materials down to a hyper-detailed level, which ensures that our products are consistently durable and reliable.

Other examples of our technology, including digital imaging, robotic core production and automated iron pouring, allow us to increase efficiency while maintaining quality and reducing production costs.

In conjunction with these efforts, our research and development team is tasked with developing and promoting high-strength materials to facilitate lightweight casting designs and other uses of advanced materials. The initial stage of research and development for all new product materials includes consideration for performance, product safety and regulatory aspects of our products.

We create educated, informed buyers via our customized training events and technical road shows. Through our unique Foundry 101 industry initiative, we share how Waupaca Foundry improves total casting manufacturing cost with our custom-built equipment, along with casting design and engineering support.



RESPONSIBLE PROCUREMENT

Waupaca Foundry's procurement strategy seeks to purchase products and services with high quality and competitive costs through better purchasing processes and handling all our suppliers with trust, respect, ethics, honesty and integrity. Waupaca Foundry values the long-term relationships we have established with our strategic suppliers, many of which go back 30 or more years.

Our supply chain for raw materials is global and diverse. Waupaca's supply chain management organization structure includes procurement, order fulfillment, and new product delivery processes and teams. The role of the procurement teams is to centrally manage all sourcing and buying decisions to leverage costs across the organization while also ensuring that these decisions adhere to established controls and procedures. Logistics, supplier development and supplier quality are also the responsibility of the procurement teams.

Purchased cost-reduction processes are also led by the supply chain management team, including implementing alternative melt materials, supplier-consigned inventories, just-in-time deliveries and strategic sourcing initiatives.

We also seek to mitigate risks through the utilization of multiple methods for tracking incoming materials with longer lead and logistic times by product. Several logistical solutions are used for incoming materials, including trucking, rail and water vessel transport. Critical components routinely ship via two transportation methods to reduce risk. For example, foundry coke and sand are delivered by both truck and rail on a weekly basis to ensure an uninterrupted flow of key materials. Where feasible, we have also established alternate supply sources, locally and regionally, that can be used if needed.

In addition to managing risk associated with our supply chain, a primary objective is to ensure environmental compliance and promote environmental stewardship and social responsibility throughout the supply chain. In support of these efforts, the completion of our 2015 goal to rank and screen our top suppliers has resulted in the identification of potential areas for sustainability recognition and improvement. We have initiated strategies to communicate these findings with this group (representing 70 percent of our total annual spend). Current actions include:

- Focus on relevant topics during supplier site surveys
- Communicate improvements through all business contacts, including delivery, logistics, cost reduction, new products and dunnage discussions
- Share information through new vendor bidding process and contractor safety program
- Implement a WFI Scrap Conference event with material suppliers

RESPONSIBLE PROCUREMENT *(Continued)*

Due to ongoing supply chain constraints first seen in fiscal year 2020 because of the COVID-19 pandemic, Waupaca Foundry experienced shortages and delivery delays in:

- Hardwood dunnage including pallets, plywood and cardboard dividers, pallets, plastic, plastic bags and more, used to protect castings during shipping and transport
- Petrochemicals (including petroleum and all byproducts) used in various stages of the iron casting process, i.e.: binders, resins, etc.
- Metallics, including scrap used to make new castings and steel shot used in the casting cleaning and finishing processes
- Logistics, with trucking for incoming raw materials constrained due to the labor crisis

Waupaca Foundry was not subject to the U.S. Security and Exchange Commission's Dodd-Frank Wall Street Reform and Consumer Protection Act in 2016. This act regulates the use of conflict minerals, which are mined in conditions of armed conflict and human rights abuses, notably in the eastern provinces of the Democratic Republic of the Congo. Due to the importance of this issue to both Waupaca Foundry and our customers, we pursue the following regarding conflict minerals:

Conflict Minerals Policy Statement

Waupaca Foundry, Inc. is committed to sourcing raw materials and components from companies that share our values with regard to human rights, ethics and environmental responsibility. We expect all of our suppliers to abide by the requirements of our code of conduct, which prohibits human rights abuses and unethical practices. We also require all suppliers to comply with all applicable legal standards and requirements.

On August 22, 2012, the U.S. Securities and Exchange Commission ("SEC") issued the final conflict minerals rule under section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Conflict Minerals Rule"). The Conflict Minerals Rule requires publicly traded companies to report annually the presence of conflict minerals (tin, tungsten, tantalum, and gold, or "3TG") originating in the Democratic Republic of the Congo and adjoining countries ("Covered Countries").

Waupaca Foundry supports the goal of ending violence, human rights violations and environmental devastation in the Covered Countries. We are committed to complying with any requirements applicable to our company under the Conflict Minerals Rule.

Waupaca Foundry will assist our customers in implementing their conflict minerals programs. We strive to work cooperatively with our customers and supply chain partners in implementing conflict minerals compliance programs.

Waupaca Foundry requires our suppliers to provide us with complete conflict minerals declarations. We may reconsider our willingness to partner with suppliers that fail to comply with this policy.



WAUPACA FOUNDRY PROVIDES STABILITY IN COMMUNITIES

In 2021, as a consequence of the COVID-19 pandemic, global supply chains and shipments slowed, causing worldwide shortages and affecting consumer patterns. Another impact was inflation and abrupt price increases. As a result, supply chains forcibly developed new agility to adapt to an ever-changing environment. Waupaca Foundry is proud to have continued supporting its communities in which we do business throughout the COVID-19 pandemic to promote prosperity, opportunity and a glimmer of comfort in uncertain times.

WAUPACA FOUNDRY BUILDS AND DONATES HYDRAULIC RAM TO HELP PROTECT COUNTY SHERIFF'S DEPARTMENT, OFFICERS AND COMMUNITY

Waupaca Foundry partnered with the Waupaca County Sheriff's Department to design, fabricate and install a hydraulic arm and push plate on a Military MRAP (Mine-Resistant Ambush Protected) vehicle after the office was supplied one from surplus U.S. Department of Defense equipment.

Originally designed to aid soldiers in battle, domestic law enforcement agencies are now being provided MRAP vehicles to help protect their local communities. During high-risk situations, tactical teams can utilize the MRAP to enter a building safely while inside an armored vehicle. Upon receiving their MRAP vehicle, the Waupaca County Sheriff's Department identified the need for a ram that could provide entrance to barricaded areas and contacted Waupaca Foundry.

Waupaca Foundry's engineering and design team utilized existing towing and winch plates to mount an arm and push plate as a stand-alone assembly that connects to the front of the MRAP by two metal pins. By utilizing existing mounting points on the vehicle, the arm can be removed without modifying the vehicle.

During altercations — whether a fire, domestic disturbance, or worse, an insurgency — the arm can be folded down to punch holes into structures. The arm is designed to reach first and second floors of buildings, up to 17 feet. When required, the plate can also be pinned in a downward position to push objects out of its path, such as small vehicles.

"The relationship with the Foundry is nothing but outstanding. The people we worked with were fantastic. We were able to meet all the engineers and the builders of it, and these guys really put their heart into it," says Waupaca County Sheriff Tim Wilz.

After receiving the hydraulic ram, the Waupaca County Sheriff's Department demonstrated the instrument's capabilities to the Portage County Sheriff's Department, and they then contracted with Waupaca Foundry to engineer and build a hydraulic arm and push plate for their MRAP vehicle.

"I am so thankful for the Foundry taking this project on because without their willingness to do this, we would have never been able to put that piece of equipment on our MRAP (The estimated cost of a hydraulic ram is \$150,000), and we would have been relying on an outside agency, like Waupaca [County Sheriff's Department] coming over and waiting 30 to 40 minutes," says Portage

County Sheriff Mike Lukas. "It helps Portage County, it helps Waupaca County, it helps all the surrounding counties because we have these pieces of equipment."



Waupaca County Sheriff's members and Waupaca Foundry employees commemorate the project collaboration.



Left to right: Metallurgy Research Process Development Manager Jason Bush, Kevin Goodwin (TTU), and Plant Manager Kenley Hansen bring metallurgical coke donation to Tennessee Tech.

WAUPACA FOUNDRY ENGAGES NEXT GENERATION OF MANUFACTURERS

Waupaca Foundry helped bring the heart of a foundry to life at Tennessee Tech University by donating 300 pounds of metallurgical coke for the students' senior capstone project: building a cupola.

Since 2012, Waupaca Foundry has collaborated with Tennessee Tech University to help provide opportunities to its metalcasting program students, including tours of Waupaca Foundry, a green sand donation, providing needed repair, and most recently, a coke donation to support the cupola build for the school's onsite foundry.

"Waupaca in Etowah has been very helpful with us. We've had students work there in internships in the past. We've got a great relationship with Waupaca, and we want to nurture that into the future," said Dr. Fred Vondra, the Foundry Educational Foundation (FEF) Key Professor at Tennessee Tech University and lead teacher of the capstone project.

Forward-thinking projects, such as building a cupola, are a big part of Tennessee Tech University's engineering curriculum. The university is an FEF school, making it just one of 21 certified colleges and universities in North America with a strong focus on metalcasting. While the number of FEF schools is small, their impact is remarkable.

FEF is a nonprofit organization working to strengthen the metalcasting industry by supporting unique partnerships among students, educators and industry. The organization works to ensure that there is a healthy pipeline of engaged, trained and talented graduates entering metalcasting careers — whether at a foundry, foundry supplier or major manufacturer.

Waupaca Foundry has engaged with FEF for decades through university partnerships and prospective employee opportunities, such as job fairs. Currently, more than 20 FEF alumni are employed at Waupaca Foundry.

"When you stress the importance of local foundries or foundries suppliers working with a school in their area to provide donations — they all make a difference," said Brian Lewis, the Executive Director of FEF.

As of May 2021, the cupola-build at Tennessee Tech University has been completed.

Waupaca Foundry is dedicated to supporting the next generation of foundrymen and foundrywomen and is proud to be an active member of FEF to support the future of metalcasting at the collegiate level.

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“We’ve got a great relationship with Waupaca, and we want to nurture that into the future.”

*Dr. Fred Vondra,
Tennessee Tech
University*

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Environmental Stewardship

Environmental, Health and Safety (EHS) is essential to Waupaca Foundry operations. Our employees are responsible and influential to its success, making continual improvement in EHS performance integral to our culture. All Waupaca Foundry plants are certified to OHSAS 18001 and ISO 14001, and we use these management systems' frameworks to support the achievement of our sustainability goals.

See our Occupational Health and Safety section for more information on how we are promoting continual improvement of safety in the workplace.



Waupaca Foundry's Environmental Leadership Is Recognized

The American Foundry Society (AFS) honored a Waupaca Foundry environmental leader for his service to the foundry industry. Bryant Esch, director of environmental engineering, received the 2021 Environmental, Health & Safety Service Award.

AFS stands to recognize those who have made a material contribution to the growth and development of the metal casting industry. The Service Award underscores individuals for their dedication to help build and improve environmental, safety and health conditions.

"We want to set the bar for environmental performance and the use of state-of-the-art technology in the foundry industry," Esch said.



Director of Environmental Engineering Bryant Esch (second from right) accepts the 2021 Environmental, Health & Safety Service Award presented by American Foundry Society.

Waupaca Foundry also earned the 2021 AFS Safety Innovation and Insight Award for its risk reduction program. In this program, the foundry has developed a method of measuring safety improvements using lagging indicators to establish risk reduction goals, measuring improvement through the hierarchy of control, and organizing incidents according to common causal factors. The program has reduced recordable injuries by 28 percent and resulted in a 17 percent reduction in the Days Away Restricted or Transferred Rate or DART rate. This initiative was the cornerstone of the Northeast Wisconsin Foundry Risk Reduction Partnership, of which Waupaca Foundry was a partner, with OSHA.

MATERIAL USAGE AND PRODUCTION

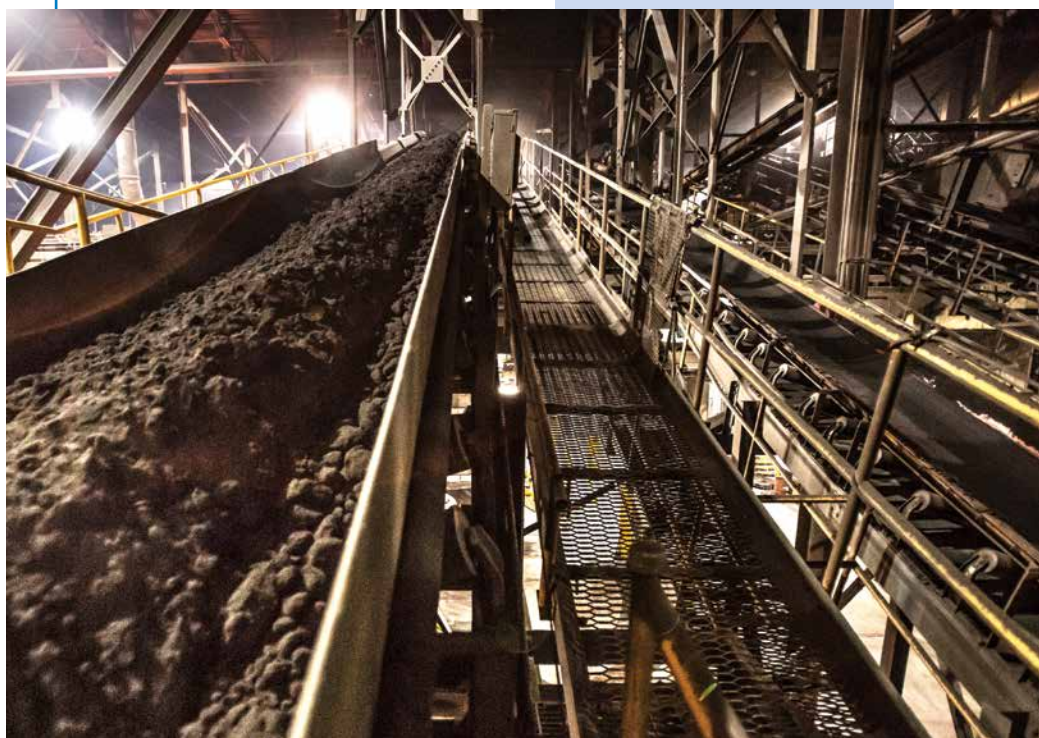
MATERIAL EFFICIENCY

In 2021, more than 2,197,992 tons of material were melted. Approximately 85 percent of the materials used in our melt process come from recycled materials. Along with the metal raw material, Waupaca Foundry also uses metallurgical foundry coke in the melt process.

One of our goals for 2021 was to continue to implement melt system modification strategies to reduce the coke-to-melt usage ratio, saving us money spent on raw materials while also reducing our energy consumption and associated greenhouse gas emissions. We continuously look for opportunities to incorporate alternative recycled materials into our process, such as using shredded steel, direct reduced iron fines and oil filters. This includes identifying recycled materials that were previously not able to be recycled. Use of the new alternatives will keep these materials out of landfills while also providing us with new raw material sources.

To support the implementation of coke reduction improvements, alternative carbon sources have been identified to replace a percentage of feedstock coke, thus reducing coke usage while simultaneously increasing iron carbon pickup. Additional coke reduction actions have included strategic replacement of key equipment, adjustments of dehumidification systems to reduce incoming air moisture, improvement of coke quality control, and improvement of available data and metrics to optimize coke use. To date, the results of these efforts are allowing Waupaca Foundry to improve its coke use ratio and define a long-term investment plan to increase melting efficiencies at all cupola facilities.

The sand used to make the cores and molds in casting metal parts is another significant material used in our process. We look to reclaim and reuse the sand to the extent possible, and we estimate that each grain of sand is used approximately 30 times before it is no longer able to be used to create quality castings. A feasibility study was conducted in 2015 at the Waupaca, Wis., and Tell City, Ind., foundries to determine reduction opportunities for new clay and sand reclamation system technologies.



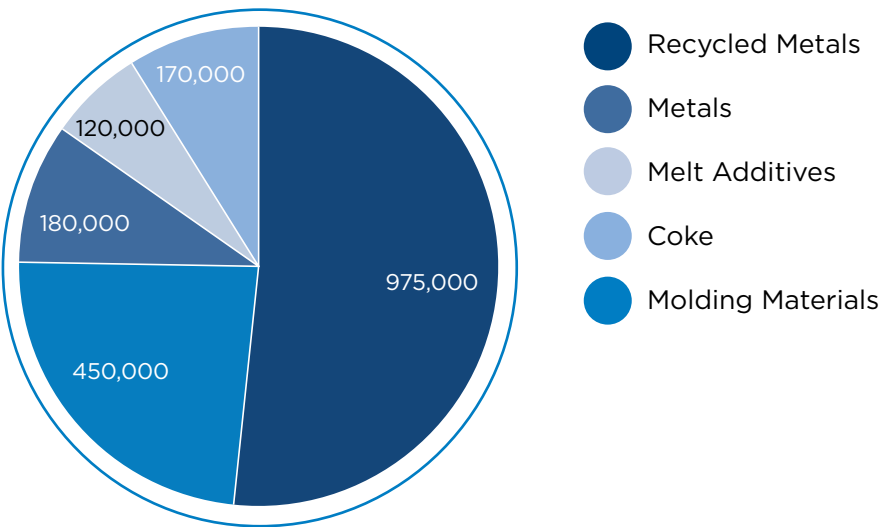
MATERIAL USAGE AND PRODUCTION

MATERIAL EFFICIENCY *(Continued)*

By using less sand in our process, we can reduce the amount of sand that must be landfilled. Lab scale tests were conducted on target foundry byproducts to prove initial capability of the proposed technology to separate clay from waste system sands and dust collection points using a high-pressure, water-attrition scrubbing method. The recovery process would discharge no new waste material. Pilot tests were conducted to confirm whether the proposed technology will actually work in practice. Recovered materials were characterized and performance tested using the foundry test facility at the University of Northern Iowa. This work was completed in July 2017, with study data concluding that the proposed technology, as currently conceived, was not feasible. As a result of this outcome, a renewed emphasis is being placed on the optimization and expansion of sand reclamation technologies already in use at Waupaca Foundry.

KEY INPUT MATERIALS USED IN 2021

TOTAL TONS USED
Rounded Value



ENERGY USE

Our primary impact on the environment is as an energy-using entity. It takes a large amount of energy to melt metals and run our operations, including natural gas, electricity and coke, but we are committed to managing our energy use efficiently. Energy savings have a direct effect on our bottom line, and we have set a continuous improvement target of reducing energy intensity (measured in mmBtu/ton of iron melted) by 5 percent by fiscal year 2023. From the program baseline year of 2009 to 2021, a cumulative energy intensity improvement of 20.3 percent has been realized.

Note: 2021 resulted in a continued reduced improvement as compared to the prior achievement of 23.5 percent due to:

- Reduced production volume (vs. fiscal year 2019) significantly affected the metric, as Waupaca Foundry facilities achieve higher efficiency levels with greater production volumes.
- Ongoing negative impacts due to COVID-19 pandemic effects on performance.
- Operational inefficiency due to nationwide labor shortage.
- Negative impacts were partially offset by ongoing coke quality/supply improvements, increased use of alternate carbon sources and optimization of currently implemented blast dehumidification technology.

This improvement stems from a number of energy-use-reduction strategies. Recent project examples include lighting replacements, compressed air distribution and air treatment upgrades, compressed air adaptive control systems, cooling tower variable frequency drive (VFD) controls (fans and pumps), energy monitoring system/sub-metering, and a second blast air dehumidification system. We continue to strategically and systematically reduce our energy footprint through several targeted initiatives:

- As one of the first 32 charter companies in the U.S., we participate in the Better Plants program, a U.S. Department of Energy initiative designed to foster energy efficiency and long-term sustainability.
- We have launched a pilot initiative at our jobbing foundry in Waupaca, Wis., implementing ISO 50001, the Energy Management System standard. ISO 50001 specifies requirements for establishing, implementing, maintaining and improving an energy management system, and enables an organization to follow a systematic approach in achieving continual improvement of energy performance. ISO 50001 certification was achieved at the pilot facility in October 2016. These management strategies have been implemented across the organization with plans underway to certify additional ISO 50001 facilities.



The core room expansion at Plant 1 utilized energy-saving LED fixtures throughout the production floor.

Energy Policy

- R - Review established energy management objectives and targets.**
- E - Ensure the availability of information and resources to achieve those objectives and targets.**
- D - Drive for continuous improvement in the efficient use of energy.**
- U - Use energy efficiency as a key component of the procurement of new equipment, energy services, major renovations and new design.**
- C - Commit to energy management excellence through compliance with applicable legal and other requirements.**
- E - Educate employees on their energy management responsibilities.**

ENERGY USE *(Continued)*

COVID-19 brought some challenges to the implementation of capital projects due to the disruption in the supply chain and reduced production demand at our plants.

In response, we focused our efforts on maximizing energy conservation while operating at inconsistent production volumes, reduced staff and non-traditional schedules. Our energy teams optimized operational and maintenance best practices, such as start-up/shutdown procedures to minimize energy waste during non-production hours and our compressed air leak repair program. Implementation of these measures facilitated energy savings of 7,449,200 kWh for fiscal year 2021.

Operating our plants during these atypical production schedules provided an opportunity to better understand the impact of reduced production on the plants' energy efficiency. Utilizing energy monitoring capabilities and engineering analysis, additional opportunities to save energy were identified and, projects related to the installation of adaptive control systems were engineered for compressed air and dust collection systems. These projects began implementation in the 2021 fiscal year, along with the expansion of our energy monitoring capabilities to track electricity, natural gas and compressed air.

As part of the long-term melt optimization plan, the second Cupola Blast Air Dehumidification system was completed for Plant 2/3 located in Waupaca, Wis. Over the course of the year the dehumidification system resulted in an approximate 2 percent reduction of coke use across all seasons, representing over 3,000 tons of carbon dioxide emissions reduction.

We have publicly endorsed the U.S. Department of Energy's *Accelerate Energy Productivity 2030* goal to double U.S. energy productivity by 2030 (e.g., increasing the economic value created per unit of energy used). As part of this endorsement, Waupaca Foundry commits to:

- Improve energy productivity within our organization, state or community;
- Share solutions, success stories and progress;
- Encourage other organizations to endorse the Energy 2030 goal; and,
- Participate in Energy 2030 education and outreach activities.

Moving forward, our focus will be on the continued implementation of identified projects, operation and maintenance best practices, energy training and process improvements to the cupola operations to improve energy efficiency in our melting processes.

In 2021, we used 782,762 megawatt hours (MWh) of electricity. Our combined energy consumption from coke, natural gas and electricity was over 13,799,169 MMBtu.



A revolutionary blast-air dehumidification system is decreasing energy costs, decreasing raw material use and increasing melt efficiency.

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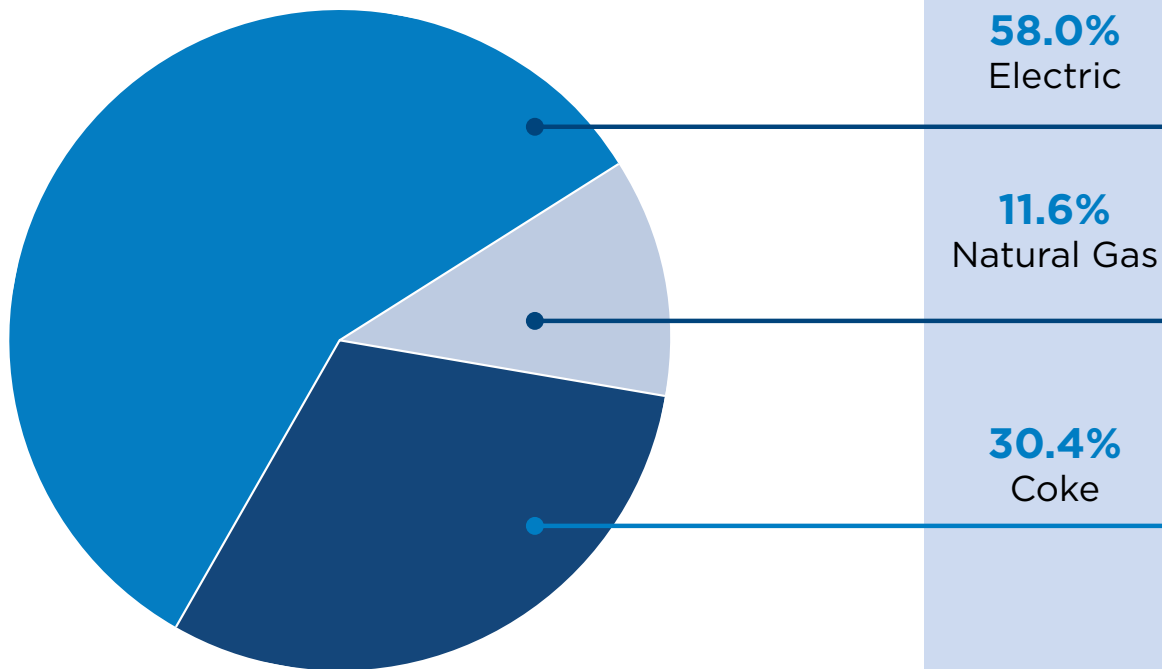
“Better Climate Challenge partners like Waupaca Foundry are committing to decarbonize across their portfolio of buildings, plants, and fleets and share effective strategies to transition our economy to clean energy.”

*Jennifer M. Granholm,
U.S. Secretary
of Energy*

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ENERGY USE *(Continued)*

ENERGY CONSUMPTION BY TYPE, FISCAL 2020



Consumption per ton of iron melted captures gains in energy efficiency that may occur even as overall energy increases due to higher production rates. Waupaca Foundry's consolidated energy intensity was 6.275 mmBtu/ton of iron melted.



COMPRESSED AIR OPTIMIZATION PROJECT IMPROVES FOUNDRY OPERATIONS

Compressed air is essential to Waupaca Foundry operations. A reliable and efficient compressed air system guarantees production operations, achieves energy and cost reduction goals, and reduces environmental footprints.

Waupaca Foundry Plant 1, located in Waupaca, Wis., operates two compressor rooms to support critical functions such as pneumatics, robotics and environmental control systems, making compressed air one of the facility's top three significant energy users and representing 10 percent of its annual electricity usage.

Recognizing an opportunity to improve the current system's reliability and smart capabilities to meet operational needs at a higher energy efficiency level, Plant 1 committed to a multi-year project to design, build and operate a world-class compressed air system.



Working closely with the Department of Energy on its Better Plants program, Waupaca Foundry realized several improvements. Outdated compressors were replaced with new, more efficient units in a new room. This improved piping layouts and allowed for the capture and use of waste heat from the foundry's compressors to heat the building and reduce natural gas use during winter months. A master control system was installed, and the facility's overall pressure was reduced from 95 to 87 PSI, improving operations and management practices. In addition, an ongoing compressor air leak management program was implemented at the plant.

Overall, Waupaca Foundry attained a 13.5 percent increase in energy efficiency through its compressed air system optimization project. Additional achievements include:

- Reduced energy usage by 18,000 MMBtu/year — the equivalent energy consumed by 20 U.S. single-family homes annually
- Reduced water usage by 13 million gallons of water/year — the equivalent of nearly 20 Olympic-sized pools
- Eliminated 1,240 tCO₂, or 1 percent, GHG emissions — the equivalent of CO₂ released by 620 people annually
- Energy usage reduction of 1,100,000 kWh — equivalent to the kWh to power 36,666 electric cars for 100 miles

EMISSIONS

Air Emissions

Foundry processes generate dust, sand and other particles resulting from the molding of our customers' castings that, if improperly handled, could impact the atmosphere. Air filtration systems and advanced baghouse technology are used to achieve superior air pollution control results at our facilities. The air pollution controls we have put in place are considered as "best available" by the U.S. Environmental Protection Agency (USEPA) and associated state regulatory agencies regardless of applicable regulations, which are driven by the installation date of the control equipment. A key component of this technology is the use of advanced bag leak detection probes installed within the emission control systems at each plant. In most cases, this technology is not mandated by a regulatory agency but utilized as an elective continual improvement. Because even small holes can affect the performance of baghouse filters, these probes are used to monitor the integrity of the baghouses and functioning of the filtration system.

GHG Emissions

GHG emissions are divided into three categories:

- Scope 1 emissions result directly from an organization's operations, such as burning fossil fuels.
- Scope 2 emissions are indirect emissions from a utility provider resulting from energy used by the organization, such as electricity, steam or chilled water.
- Scope 3 emissions are the result of other sources indirectly related to an organization.

Currently, we track only our Scope 1 and Scope 2 emissions. Scope 1 emissions include the use of coke in the melting process and the combustion of natural gas at our facilities. Fuels used in relatively small quantities representing less than 1 percent of total energy consumption, such as gasoline, light oil and LPG, are not included in these calculations. Scope 2 emissions are the result of purchased energy utilized at our plants. In 2021, our total GHG emissions were 1,061,219 tons of carbon dioxide (CO₂). The Total CO₂ Emissions graph shows the breakdown of our Scope 1 and Scope 2 emissions by facility. The majority of our Scope 1 emissions come from the use of coke, a high-carbon content material, in our melt process.

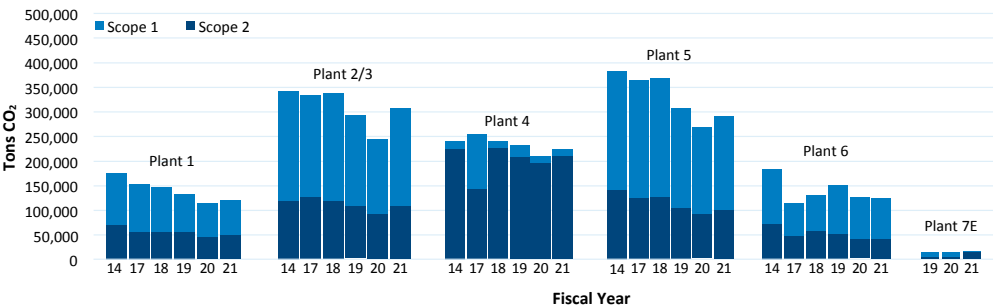
Emissions, as well as our climate change risks/opportunities and management strategies, are reported to CDP (formerly the Carbon Disclosure Project), the largest database of primary corporate climate change information in the world.



The company began retrofitting plants with elective sophisticated air pollution controls beginning in 1999. Both air emission controls and leak detection technology have surpassed regulatory requirements and created new industry benchmarks in pollution control.

EMISSIONS (Continued)

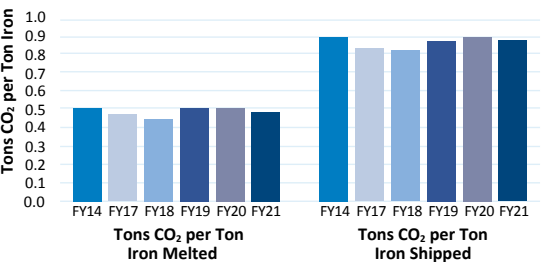
TOTAL CO₂ EMISSIONS



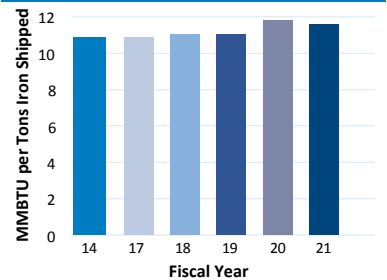
* All tons in U.S. Tons

In addition to our absolute GHG emissions, we also normalize our GHG emissions based on tons of iron melted and tons of product shipped, similar to the way we track our energy consumption. The graph shown below includes normalized values for our consolidated GHG emissions as well as total energy use per ton of iron shipped.

NORMALIZED CO₂ EMISSIONS (SCOPE 1 & 2)



NORMALIZED TOTAL ENERGY USE



Although we do not currently track the GHG emissions related to the transportation of products, we recognize that transportation is a significant issue for us due to the size and weight of our products. As our customers look to support greater fuel efficiency in their products, there will be more demand for lightweighting iron castings, reducing associated transportation impacts.

Groundbreaking Product Development Achieved by Collaboration and a Localized Supply Chain

During a time of supply chain uncertainty, Oil Tool Solutions (OTS), in collaboration with Waupaca Foundry, redesigned and created a smaller diameter and longer, second-generation Hulk to expand into new markets.

OTS designs, manufactures and distributes specialty production tools for the oil and gas industry. The company's original Hulk product, produced overseas, functions as a standard ductile iron clamp for a 7-inch diameter well casing used in down-hole oil production. The clamp secures three-phase electrical cable and capillary tube at the intersections of 31-foot-long sections of pipe that run into land-based wellbores to support the production process of extracting hydrocarbons. To secure narrower lines for 5.5-inch wellbores, however, a smaller clamp was developed for market growth.

Rather than spending capital to re-tool and onshore the original part, OTS considered the U.S. production to develop a more versatile clamp to accommodate tighter wellbore conditions and combine with a greater combination of cables and capillary tubes. OTS engaged Waupaca Foundry to help finalize a design and produce a smaller diameter, longer clamp, the Hulk SlimCast, localizing its supply chain in the U.S.

The new design required Waupaca Foundry to pour a ductile iron casting with thin sections, tight-diameter holes and tolerances. The Hulk Slimcast not only had to be smaller in diameter to fit 5.5-inch casing applications but also longer to protect high-value cable.

The Hulk SlimCast clamp is made using high-strength ductile iron, allowing for lower mass and greater durability and resistance to impact fractures. The material and casting design solution enables Hulk Slimcast to perform in the most unrelenting conditions.

As a result of its design, Hulk SlimCast is extremely adaptable to multiple ESP cable and capillary specifications. It is also capable of several configurations without requiring individual foundry tooling for each configuration, resulting in cost savings.

Collaboration between the two domestic companies was key to the success of the Hulk SlimCast and its market share entry and growth. By localizing its supply chain to the U.S, OTS increased speed to market by four months and decreased its carbon footprint through reduction of ocean freight. Additional feats included reduced tooling cost by 75 percent, reduced casting weight by 12 percent (compared to an initial SlimCast design), reduced inventory risk and improved cash flow.

BEFORE: OTS Clamp



AFTER: Hulk SlimCast Clamp Design



TOTAL WATER USE

Historically, our foundries consumed large quantities of water, including non-contact cooling water used to cool running machinery and the exterior of the cupolas used in our melt process. As a result of prior efforts to meet our 2020 water conservation goal, water consumption was reduced 70.8 percent from 2010 values. Water use reduction efforts continue with our updated continual improvement goal, which focuses on an additional 10 percent decrease in water by the end of fiscal year 2023.

Waupaca Foundry has already made significant progress toward this goal by installing closed-loop water cooling systems. Several of our plants have installed such systems for machine cooling.

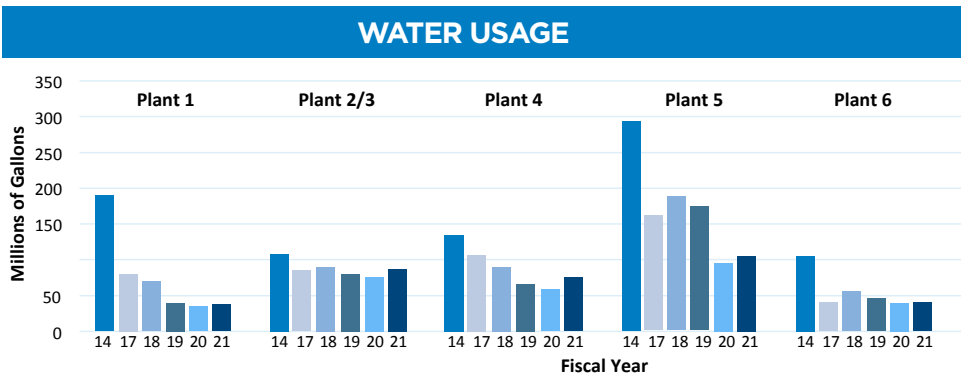
Prior to these initiatives, cooling water flowed through machines just once before discharge. With the new closed-loop systems, non-contact cooling water is recycled to improve efficiencies and reduce water consumption. For example, implementation of this technology has resulted in a 30 to 95 percent reduction in cooling water use at our Marinette ductile iron foundry, with water demands varying on a seasonal basis. The recent Plant 1 expansion project in Waupaca included six new warm box machines on a closed-loop cooling water system that will save an estimated 50,000 gallons of water daily, or approximately 15 million gallons annually.

In fiscal year 2021, the combined water usage for all Waupaca Foundry locations was 349 million gallons from municipal water supplies comprising a water use reduction of 70 percent from 2010 values.



CLOSED LOOP

Closed-loop cooling water systems have the potential to reduce plant water cooling demands by 80 percent or more. In some cases, non-contact cooling water discharges are reduced to near zero and daily water use is drastically reduced.



IMPACTED WATER BODIES

As a result of plant improvements we implemented over the last decade, contaminated process water requiring wastewater treatment and discharge have been completely eliminated from our facilities. None of Waupaca Foundry’s plants withdraw water from, or negatively impact, waters that are protected or considered to be of high biodiversity value.

WASTE

In 2021, Waupaca Foundry generated a total of 633,414 tons of solid waste. Of this, only 2.1 tons were hazardous and the remaining majority of 476,456 tons were recycled in lieu of disposal. We minimize the generation of hazardous waste through initiatives such as product substitution and effective work practices. Significant sources of non-hazardous waste included sand dust from our baghouses, melt dust, slag, spent foundry sand, cores and refractory.

One of Waupaca Foundry's highest volume byproducts is spent foundry sand used to make molds for the casting process. Although the sand is recaptured and recycled to the extent possible, there comes a point when it can no longer be used for creating quality castings, and it becomes a spent material. Successful initiatives have been developed that continue to reduce the use of foundry sand while concurrently looking for ways to keep foundry sand out of landfills by finding beneficial uses for the sand that can also aid the local communities. The majority of the sand that can no longer be used in the casting process does not end up in a landfill. Approximately 80 percent, or 378,000 tons, of sand is recycled annually. This reclaimed sand finds new life in applications in construction, agricultural use and geotechnical fill.

Waupaca Foundry has been working with state and local agencies, including the Wisconsin Department of Transportation, to use foundry sand as a highway subbase fill, geotechnical fill and other general construction uses. Not only does this keep the sand out of landfills, but it also reduces the need for mining native materials from other places to be used as the source for these applications. This material also gives us an opportunity to partner with our local communities on projects.

SIGNIFICANT SPILLS

Waupaca Foundry uses a number of chemicals in its process to keep equipment operating at peak levels, including coremaking resins, hydraulic oil, lubricants and anti-freeze. There were no significant spills in 2021 at any Waupaca Foundry locations.

ENVIRONMENTAL COMPLIANCE

Waupaca Foundry is committed to identifying and maintaining compliance to legal and other requirements to which our organization subscribes and that are applicable to the environmental aspects of our activities, products and services. Our commitment is reflected in our EHS Policy and incorporated into our sustainability targets and objectives. Fiscal year 2021 resulted in no fines or sanctions associated with environmental noncompliance events.

WAUPACA FOUNDRY ENVIRONMENTAL, HEALTH AND SAFETY POLICY— CAST

C - Commitment to Environmental, Health and Safety excellence through employee consultation and participation, risk reduction/hazard elimination and compliance with EHS regulations and other requirements.

A - Always strive for continuous improvement and prevention of accidents, injuries and pollution.

S - Set and review EHS objectives and targets.

T - Train employees on their EHS responsibilities.

A World-Class Workforce



A TENURED WORKFORCE

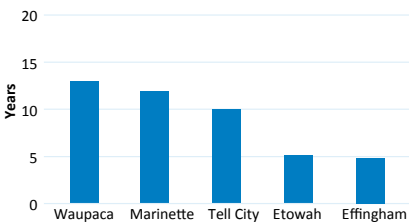
Waupaca Foundry has a history of encouraging people to reach their greatest potential. This has the dual benefit of providing us with a skilled workforce that allows us to produce innovative, best-in-class products while simultaneously improving our sustainability program through the same type of innovation. We're proud that Waupaca Foundry has been an employer of choice, and we believe in taking care of our employees and offering opportunities for personal development. The result: Customers have the most qualified production team in the industry. From operations to administration, we are dedicated to creating advancement opportunities for our employees throughout the company. Many of our team members have started in general foundry positions and have progressed into a variety of careers over the years. In fact, President, COO and CEO Mike Nikolai started with Waupaca Foundry in 1993 as a metallurgist at the company's gray iron foundries in Waupaca, Wis. He held progressively responsible positions, including production manager, assistant plant manager in Tell City, Ind., plant manager in Etowah, Tenn., and vice president of operations. He was appointed president, COO and CEO on April 1, 2015.

A TENURED WORKFORCE *(Continued)*

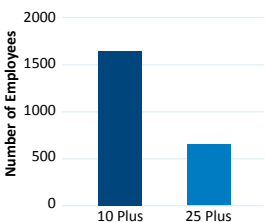
The opportunity for career growth and personal development is a significant reason why more than half of Waupaca Foundry's employees have been with the company for more than 10 years. Much of the organization's success can be attributed to the experienced workforce and the direct employee/management relationship that is clearly recognized at the manufacturing facilities.

The following graphs show the average length of employee service time by location and the number of employees that have been employed by Waupaca Foundry for more than 10 years, as well as those who have worked for us for 25 years or more.

AVERAGE SERVICE YEARS



YEARS OF EMPLOYMENT



Waupaca Foundry's code of conduct recognizes the right to collective bargaining (as similarly recognized by national regulations).



Millroom operator Kevin Klotzbuecher inspects a municipal casting before loading it into the barinder machine.

SKILLS DEVELOPMENT

In addition to careers in metallurgy and foundry technology, we also have support positions in IT, sales, purchasing, human resources, accounting and finance, and administration. Our company is dedicated to helping our employees cultivate career paths that give them professional satisfaction while also developing the workforce that we need. One hundred percent of our employees receive performance reviews annually, and during this process, we work with our employees to lay out a career development path for them. Some common opportunities are:

- Specialized operational positions
- Leadership positions
- Support and administrative positions

We have developed a customized internal training program intended to teach entry-level employees more specific foundry knowledge and processes. Experts from specific areas provide thorough instruction on casting iron the Waupaca Way.

We advanced a number of training program goals that we set for 2021, including:

- Provide 100 percent tuition reimbursement for employees' continuing education (following company guidelines). Waupaca Foundry continued to provide tuition reimbursement for 100 percent of our employees. In 2021 alone, over \$439,000 of tuition reimbursement was provided for employees' elective continuing education.
- Provide annual career training for 100 percent of our employees, with training related to specific job requirements as well as developmental training for future career growth. Through 2021, we provided career training/job-specific training to 100 percent of our employees.
- One hundred percent of our workforce has received Six Sigma related training (lean, green belt, black belt, kaizen, 6S, etc.), and the program achieved the goal prior to the targeted completion date.
- Provide leadership training to 100 percent of the employees in leadership positions by 2025. Through 2021, leadership training was completed for 48 percent of our applicable employees. (*For leaders with greater than six months of service.)
- Foster and maintain a 50 percent or greater total promotion rate for management-level positions from internal employees. Currently, 96 percent of our management-level positions are filled with internal employees that have been promoted from within Waupaca Foundry.

Waupaca Foundry has a history of offering opportunities for personal development to take our employees to their greatest potential. We are dedicated to career pathing through training and development programs that develop each individual. In 2021, Waupaca Foundry invested \$1,010,110 in total training and employee development programs.

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“This job has supported me and my family for 10 years; I made a career out of it.”

*Waupaca Foundry
employee,
Etowah, Tenn.*

”

SKILLS DEVELOPMENT *(Continued)*

Developing a World-Class Workforce During COVID-19, Starting in the Classroom

Work experience and internships are an important rite of passage for college undergraduates to test out an intended career path while also gaining valuable work experience and industry connections before graduation. Waupaca Foundry has offered co-op, internship and apprenticeship programs for decades at the collegiate level to engage and prepare the next generation of talent with the skillset required for modern manufacturing. They are also continuously seeking new opportunities to support local communities.

Three months into the 2020 academic year at Owensboro Community and Technical College, Waupaca Foundry joined the Greater Owensboro Chapter of Kentucky Federation for Advanced Manufacturing Education (GO FAME) as a sponsor of the school's hybrid classroom and work experience program.

Waupaca Foundry intended to employ student apprentices for its mechanical maintenance program during the 2021 spring semester. However, because of the ongoing COVID-19 pandemic, many GO FAME employers limited the number of apprentices they hired or completely withdrew from the program, leaving qualified students without work — a graduation requirement of the program.

Because workforce development is integral to creating a robust pipeline of skilled talent, Waupaca Foundry took on all unsponsored GO FAME students for the mechanical maintenance program.

Waupaca Foundry's mechanical maintenance program mentors students in the industrial maintenance field by bringing their technical abilities in maintenance and engineering up to a skill level that is helpful in job preparedness after graduation. This also provides better employees for the industry and fills a gap in qualified technicians.

"I was just thankful that Waupaca Foundry was still taking on interns so we could continue on with their education. It was challenging sometimes with COVID. But the kids rose above it, and they did a great job," said Mike Hubert, a mechanical technician of Waupaca Foundry's gray and ductile iron plant in Tell City, Ind., and mentor of the mechanical maintenance program.

"We can only teach so much in our classrooms and only so much in our libraries. This gives them an opportunity to experience manufacturing in the real-world environment, too, and specifically on the job," said Shawn Payne, department head of advanced manufacturing and skilled trades at Owensboro Community Technical College.

"We have some really good students here, and hopefully future employees too," said Karen Snyder, manager of recruiting and hiring at Waupaca Foundry Tell City. "Gaining that experience already and that work knowledge will help tremendously. They'll be able to jump in and do anything because they've already been exposed to it all."

As of 2021, Waupaca Foundry has hired GO FAME graduates as full-time employees and has added additional cohorts to its mechanical maintenance program to accommodate its popularity amongst college students and growing demand.



Adam Clark, an intern from Owensboro Community Technical College, and Waupaca Foundry mechanical technician Mike Hubert work on a project at Waupaca Foundry's Plant 5.

OCCUPATIONAL HEALTH & SAFETY

Providing a preventive health policy and promoting continual improvement of safety in the workplace are fundamental responsibilities of management. Our safety management system relies on risk identification and mitigation, supervisor accountability, employee safety teams, workplace hazard assessments, equipment maintenance and ongoing training to create a safe workplace for our employees and visitors.

Waupaca Foundry is committed to all persons working under its control, including its contractors, maintaining a high level of safety awareness. We achieve this through a variety of mechanisms, including monthly safety talks for our employees, review of work instructions and training specific to those instructions (i.e., lock out/tag out, fall protection and hot zone work), bulletin boards, company newsletters, signage and near-miss reporting. We also recognize the importance of active employee engagement in the safety program. Employees participate in reporting safety suggestions and near misses, our behavior-based safety (BBS) program, Safety Kaizen events, and also in several safety committees that include electrical safety, incident review, mobile crane safety, ergonomics, noise reduction and emergency response.

A large percentage of our injuries can be attributed to ergonomics. To address this, we have made significant investments in the automation of processes, such as installing robots to automate repetitive tasks in grinding and core-making workstations.

At Waupaca Foundry, we know that it is critical to monitor leading metrics for improved safety performance. We have updated our suggestion/near-miss reporting database into a combined form to encourage continued reporting and better track the information and solutions to closure.

We also continue company-wide serious incident reviews, including addressing “near-miss” situations to reduce the risk of potentially serious incidents. Safety scorecard metrics now include goals for risk identification and reduction, focusing on areas where incidents most often occur. We also track two lagging indicator metrics to evaluate our safety performance: total recordable incident rate (TRIR, representing OSHA reportable incidents), and the Days Away, Restricted, Transferred (DART) rate, which describes the number of OSHA recordable injuries and illnesses resulting in days away from work, restricted work activity and/or job transfer experienced during the year. Both TRIR and DART are calculated based on a rate for 100 full-time employees.

Waupaca Foundry works cooperatively with OSHA on risk-reduction initiatives for our industry. We have maintained our goal to achieve a TRIR of 2.0 or less and a DART rate of 1.0 or less. We did not suffer any fatalities during 2021.

SUPREME COURT BLOCKS OSHA'S COVID-19 VACCINATION AND TESTING EMERGENCY TEMPORARY STANDARD

On January 13, 2022, the U.S. Supreme Court stayed the Occupational Safety and Health Administration's (OSHA) COVID-19 Vaccination and Testing Emergency Temporary Standard (ETS).

The previously enacted vaccine mandate required employees of employers with 100 or more employees to receive a COVID-19 vaccine or obtain a COVID-19 test each week at their own expense and time and wear a mask at work, impacting roughly 84 million workers.

Neither OSHA nor Congress had previously imposed such a mandate, and the Court found that OSHA did not have the authority to issue the ETS.

The ruling decision allows for employers to address and regulate COVID-19 protocols at the state and local levels.

From this ruling, Waupaca Foundry was allowed to make decisions related to COVID-19 vaccines and testings that best supported our workforce.

OCCUPATIONAL HEALTH & SAFETY (Continued)

WAUPACA FOUNDRY SETS THE BAR FOR SAFETY

Safety is top priority at Waupaca Foundry, and we are committed to continuous improvement in all aspects of our operations.

In fiscal year 2021, Waupaca Foundry earned the AFS Safety Innovation and Insight Award for our risk reduction program. We have developed a method of measuring safety improvements using leading indicators to establish risk reduction goals, measuring improvement through the hierarchy of control and organizing incidents according to common causal factors. This initiative was the cornerstone of the Northeast Wisconsin Foundry Risk Reduction Partnership with OSHA. The program has reduced recordable injuries by 28 percent and resulted in a 17 percent reduction in the Days Away Restricted or Transferred Rate or DART rate.

In continuity with fiscal year 2020, Waupaca Foundry continued to monitor COVID-19 for the health of our workforce and to keep our people safe. This included canceling large employee indoor gatherings, such as our Ten-Plus Anniversary parties.

Safety and risk reduction upgrades were also made internally, including the replacement of wheels on stand grinders at Waupaca Foundry's Plant 6 ductile iron plant located in Etowah, Tenn. The traditional bonded abrasive wheels on the stand grinding equipment in the mill room posed risk due to their disintegrative nature. Diamond-plated wheels were installed on the large 20 HP stand grinders to improve operator safety, maintenance and working conditions.

"Zero safety incidents are a measure of luck, not improvement," said Jon Loken, director of safety and health for Waupaca Foundry. "Creating an environment that identifies ergonomic issues, reduces risk, increases training, and creates safety audits, suggestions and surveys is a proven method for improvement."

In 2021, Waupaca Foundry updated its safety goals to incorporate a complementary set of leading and lagging indicators to include the reduction of lost time case rates to <1.0* by 2025, and the achievement of 200,000 units of risk reduction annually, culminating in 1 million cumulative risk reduction units** by 2025.

Our safety performance in 2021 supported the new extended goals, with the lost time/days away from work rate yielding a value of 2.0, and risk reduction units achieved, totaling 269,728. We will continue to focus on a risk reduction mindset to prevent potential safety risks before they occur.

*Lost time rate = # of lost time injuries X 200000 / # of hours worked

** Risk reduction units for completed projects based upon:

Risk reduction = Hierarchy of Control X # of employees affected.

Credit increases as solution effectiveness increases.

Elimination = 12

Substitution = 7

Engineering Control = 5

Admin / PPE = 1

“

“Creating an environment that identifies ergonomic issues, reduces risk, increases training, and creates safety audits, suggestions, and surveys is a proven method for improvement.”

*Jon Loken,
Director of Safety
and Health for
Waupaca Foundry*

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WAUPACA FOUNDRY WORKFORCE MEMBERS HONORED WITH FOUR INDUSTRY AWARDS

Sara Timm, director of marketing and media for Waupaca Foundry, and Greg Miskinis, retired director of research and process development for Waupaca Foundry, were honored by the American Foundry Society (AFS) with a combined four industry awards for their advocacy for and service to the metalcasting industry.

Timm received two awards, the 2021 Outstanding Individual Service Award and the 2021 Merit Award. The Outstanding Individual Service Award is peer-nominated and recognizes Timm's technical support and promotion of the Marketing division. The 2021 Merit Award recognizes outstanding contribution and service to the industry and the AFS Women in Metalcasting division. Timm has served two terms on the Women in Metalcasting committee, which is part of the national organization's management council, and she is executive chair of the committee through 2021.

Miskinis was recognized with the Outgoing Chair Award for his service, participation and dedication as Chairman to the Technical Council at the AFS. Miskinis also presented the distinguished, annual Hoyt Memorial Lecture at Metalcasting Congress 2021 on "The Transformation of the Modern Foundry." He addressed within this lecture how shifts in the workforce, market pressures from global flattening, and environmental health and safety factors have transformed the foundry industry. Miskinis retired from Waupaca Foundry in 2020 with 31 years of leadership and service.

At Waupaca Foundry, we are only as successful as our employees, and we take great pride in their accomplishments. These industry awards serve as a reflection of our workforce and operations.

"We are proud of our leaders' contributions to the metalcasting industry," said Mike Nikolai, president, COO and CEO for Waupaca Foundry. "Sara is an example of the opportunities for professionals to progress in the manufacturing industry beyond operational excellence. And Greg has dedicated his career to advances in research and innovation in foundry operations, as well as mentoring the next generation of foundry men and women."



Sara Timm, director of marketing and media for Waupaca Foundry



Greg Miskinis, retired director of research and process development for Waupaca Foundry

A CULTURE OF HARDWORKING TALENT

Together, all of our employee initiatives help us to develop and maintain a committed workforce that is as solid as the castings we create. Working together as a team with a shared vision allows each of our employees to say with pride, “I am Waupaca.”

“One of our key initiatives is to provide good jobs and career advancement so, together, we can best serve our customers and our community,” said Kirk Kallio, Waupaca Foundry director of human resources.



Report Parameters and GRI Index

REPORT PARAMETERS

This report updates our 2020 Sustainability Report and describes our activities during our 2021 fiscal year, covering the time period from April 1, 2021, through March 31, 2022. We intend to report on an annual basis with our fiscal year calendar.

The evaluation of topics to report to stakeholders in this Sustainability Report is focused on material aspects that align with the company's business objectives and our stakeholder needs and interests. We are referencing the Global Reporting Initiative (GRI) reporting standards (2021) as well as the Sustainability Accounting Standards Board (SASB) Iron and Steel Producers reporting standard (2018). See also our GRI Content Index.

We have chosen not to externally assure this report but may elect to do so in future years. This report covers all of Waupaca Foundry's U.S.-based manufacturing facilities.

Restatements of information and significant changes from the previous reporting period are addressed within the individual sections of this report.

We encourage [comments and feedback](#) on our report.



TRC Environmental Corporation (TRC) was retained to assist WFI with the development of this sustainability report to ensure consistency with the Global Reporting Initiative (GRI) standards. WFI has reported the information cited in this GRI content index for the period [April 1, 2021 - March 31, 2022] with reference to the GRI Standards. TRC served as a consultant to the Sustainability Leadership Team, facilitating the assessment of materiality, analysis of sustainability metrics and review of existing WFI targets and objectives.

GRI CONTENT INDEX WITH SASB STANDARD REFERENCES

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	302-3	Energy intensity ratio for the organization	
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	303-2	Interactions with water as a shared resource; (1) total fresh water withdrawn, (3) percentage in regions with High or Extremely High Baseline Water Stress	
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	303-4	Water withdrawal	
	303-5	Total water discharge by quality and destination.	
	303-5	Water consumption	
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	403-2	Hazard identification, risk assessment, and incident investigation	
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