

Integrity

Code of Business Ethics and Conduct



This booklet is available in several languages and is being distributed to Kennametal's directors, officers and employees, and those who support our work around the world. If you have knowledge of any activity that is or may be a violation of the Code of Business Ethics and Conduct, you must report such activity promptly to the Office of Ethics & Compliance.

You may report a suspected violation or ask a compliance question or seek clearance or waiver by:

1. Approaching or telephoning your immediate supervisor, or manager, another supervisor or manager, your local Human Resource professional, the *Office of the General Counsel*, or the *Office of Ethics & Compliance*.
2. Sending a memorandum or letter to:
Office of the General Counsel
Kennametal Inc.
1600 Technology Way
P.O. Box 231
Latrobe, PA 15650

Fax: 724-539-3839 or Email: k-corp.ethics@kennametal.com
3. Calling the Office of Ethics & Compliance at 724-539-4031.
4. Calling the Kennametal HelpLine at 877-781-7319.

Available in **YOUR** local language!
HELPLINE: 877.781.7319
Just use **AT&T Direct Access**
for toll-free dialing.

Calls to the HelpLine may be made in your local language on a confidential and anonymous basis, 24 hours a day. To use the HelpLine toll-free outside of the United States and Canada, visit the [AT&T Direct Access website](#), select your country from the "Choose a Country drop-down list," and click GO to find the AT&T Direct Access Number for toll-free dialing from your country and telephone service provider (some countries have more than one Access Number). **Be sure to clearly indicate your language preference** once you are transferred to a HelpLine specialist.



Dear Kennametal Colleague,

At Kennametal, we have always been committed to operating our business with the utmost integrity and the highest ethical standards. As a supplier of choice for our customers, and an employer of choice for our employees, we must treat each other, our customers, suppliers and others fairly and honestly in all of our dealings.

As a global competitor with a presence in over 60 countries, we operate in a diverse work environment with equally diverse challenges in each of our locations. Our common business language that transcends all our differences is the Kennametal Value Business System, a set of best practice processes that drives us to operational excellence. With our Values and Ethics at the core of KVBS, this Code of Business Ethics and Conduct is your guide to identifying and responding to those diverse challenges as they present themselves in the workplace.

In order to maintain our excellent reputation as an ethical and responsible corporate citizen, we must continue to conduct our business in accordance with the law and the highest standards of integrity. Therefore, as a Kennametal employee, you are expected to know and follow this Code of Business Ethics and Conduct as a condition of your employment.

We continue to invest in training, communications, and resources—in addition to our Helpline—to ensure that you have the skills and knowledge you need to make ethical decisions in the workplace. Since the last update to this Code our commitment to developing the ethical decision-making skills of our workforce earned us the Pittsburgh Business Ethics Award in the large company category, and secured Honorable Mention in the National Competition (as sponsored by the Society of Financial Service Professionals).

We each have a vested interest in maintaining the reputation and well-being of our company and its employees. A sustainable business enterprise recognizes the need to stay current with market conditions and stakeholder expectations, while respecting the needs and interests of the communities in which we live and work. I appreciate your continued commitment to acting with integrity and honoring all of our core values, which helps make Kennametal a respected company worldwide and a great place to work.

Sincerely,

A handwritten signature in black ink, appearing to read "Carlos M. Cardoso". The signature is fluid and cursive, written over a white background.

*Carlos M. Cardoso
Chairman, President and CEO*

KENNAMETAL MISSION, VISION AND VALUES

Our Mission

Kennametal **delivers productivity to customers** seeking peak performance in demanding environments by providing innovative **custom and standard wear-resistant solutions**, enabled through our **advanced materials sciences, application knowledge** and commitment to a sustainable environment.

Vision

A **customer/market driven enterprise** that distinguishes ourselves by partnering to deliver value, growth and productivity solutions at our **Customers**, consistent returns to **shareholders** and rewarding careers to **employees**.

- Top Tier Employee engagement Scores
- No. 1 in Customer Loyalty and Satisfaction
- Solid Talent Bench; Top Four Levels
- Consistent growth at Twice the market; A market share leader
- Recognized technology leader; 40% of revenues from new products
- Premier Financial Performance; 15% EBIT, 15% ROIC

Our Core Values

Integrity: Treat people fairly, demonstrate trust, and always do the right thing.

Customers: Understand their business, anticipate their needs, and deliver value to make our customers more competitive.

People: Work hard to attract, engage, develop, and retain the best people and provide a great place to work that is inclusive and provides opportunities for continuous learning.

Environment: Be a sensible steward of natural resources and our environment.

Innovation: Foster creativity, think outside of established or perceived boundaries, and engage in informed risk taking to set us apart from the competition.

Performance: Deliver top-tier results, relentlessly focus on execution of our plans, and consistently meet our stated goals by fostering a culture of performance and accountability that rewards exceptional results.



CODE OF BUSINESS ETHICS AND CONDUCT

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Ethics *is good business* **& Integrity** *is the bottom line!*

How to use this Code of Business Ethics and Conduct

To help our team members understand what is expected of each of us and carry out our responsibilities, the Company has adopted this Code of Business Ethics and Conduct (the “Code”), which gives you a high level summary of your responsibility under our various policies, procedures, and legal requirements, as well as some examples which may cause team members to pause and consider before moving forward with a particular course of action, indicated by a red flag 🚩, or an illustrative example under the banner **“Ethics Edge”**. This Code should be read in conjunction with our specific policies and procedures, which our team members must adhere to, some of which are above and beyond the minimum legal requirements in the location where we do business. It is each team member’s responsibility to honor our Core Values, protect the Company’s ethical aspirations, and observe the legal requirements for our business operations. In all of our relationships, we live within the letter and the spirit of the law. Beyond the law, the best rule to follow is to treat others as you would want to be treated.

ETHICS IS GOOD BUSINESS

Our policies are designed to proactively promote honest and ethical behavior; to protect the valued reputation of our Company and our directors, officers and employees; to help us operate as good corporate citizens around the world; and to continue to demonstrate that we can be successful, while maintaining Kennametal's values which have served us well over the years. Kennametal has always been committed to operating our business with the utmost integrity and the highest ethical standards. Our employees and those who support our work are expected to treat each other, our customers, our suppliers and others fairly and honestly in all of our dealings. We expect our customers, suppliers, business partners and others who support our work and with whom we do business to operate similarly.

Kennametal expects to be successful in the marketplace because of the quality and integrity of our directors, officers and employees, and the products and services we provide, even more so as our business becomes increasingly more complex. In addition, state, federal and national governments in the many countries where we do business are increasingly requiring companies to monitor their actions to insure conformity with applicable laws and regulations and to report violations appropriately.

Ultimately, it is your judgment and your decisions that determine the correct course of action. Each of us is responsible for our own actions and for complying with the policies set forth in this Code. Personal consequences for violations of this Code are serious and can include termination and/or legal action. So trust your instincts. *Ask yourself:*

- a) Does the proposed action (or inaction) violate law or Company policy?
- b) Does it negatively impact others unfairly?
- c) Will someone feel they are owed something in return?
- d) Does the event or transaction look improper?

If you respond "Yes," "Maybe," or "I'm not sure" to any one of these questions, then the event or transaction should be reported to the Company for review. Your voice counts, so Make the Call! Always use good judgment and common sense, and remember to seek the advice of your manager, an HR professional, another supervisor, Company Counsel, the Office of Ethics & Compliance, or the HelpLine to assist you if you are unsure what to do.

HELPLINE: 877.781.7319

FAIR DEALING

As a responsible world class company, we recognize that our continuing success depends on the contributions and effectiveness of all of our directors, officers and employees, as well as our agents, subcontractors and distributors who represent or engage in activities on behalf of Kennametal around the world. Maintaining an atmosphere in which this success is assured requires strict adherence to the highest standards of conduct in all of our relationships.

All of our dealings with fellow directors, officers, employees, customers, agents, subcontractors, distributors, suppliers, competitors, visitors, neighbors in the communities in which we operate and any others with whom we come in contact as representatives of Kennametal are based on mutual respect, trust and honesty, and we must endeavor to treat such individuals fairly. We must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, intentional misrepresentation of facts or any other unfair practice. Watch for:

- 🚩 Discussions with competitors on pricing, pricing strategies, marketing, unannounced products and services, revenues and expenses or any proprietary Company information.
- 🚩 Agreements to restrict or allocate markets, customers or territories.

Please see the [Antitrust Policy and Guidance](#) for further information or call the Office of the General Counsel.



COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Kennametal takes a proactive stance on compliance with all applicable laws, rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies. Accordingly, Kennametal requires its directors, officers, employees, agents, subcontractors, distributors and others who support our work to comply with all applicable laws, rules and regulations, including *insider trading* and *antitrust laws*, each of which are discussed elsewhere in this Code. It is our expectation that you will follow whichever laws, rules, internal policies or regulations that require the highest standard of ethical conduct. Kennametal also requires its directors, officers, employees, agents, distributors and subcontractors to comply with the following:

Prohibition on Fraud

We must adhere to honesty as the best policy. Kennametal strictly prohibits any fraudulent activity, including any act that constitutes cheating, stealing, deceiving or lying. We must act in good faith, responsibly, with due care, competence and diligence, without intentionally misrepresenting facts or allowing independent judgment to be subordinated. Be on the alert for:

- 🚩 False, misleading or incomplete records.
- 🚩 Failure to follow established accounting procedures.
- 🚩 Use of off-book or off-shore accounts.
- 🚩 Inconsistent application of time and attendance procedures, inaccurate time-keeping records, or falsifying claims for insurance, benefits or compensation.
- 🚩 Improper bookings, or delayed shipping and receiving practices that impact balance sheets for payables and receivables.
- 🚩 Falsifying expenses claimed for reimbursement, improper use of Company-sponsored purchasing or credit cards, failure to pay Company-sponsored credit card accounts when due, or requests for cash reimbursements.
- 🚩 Falsifying compensation, vacation, hours worked, or pension benefits.

Equal Opportunity

Our objective is to be equitable and fair in the treatment of all directors, officers, employees, agents and subcontractors. We intend to provide equal opportunity to qualified individuals without regard to race, color, religion, national origin, sex, age, disability, or other characteristics protected by applicable law as to all aspects of employment, including hiring, promoting, setting compensation and benefits, and other terms and conditions of employment. We never condone:

- 🚩 Actions taken for or against an employee on the basis of race, color, religion, national origin, sex, age, disability or veteran status, or other applicable protected class status.

Harassment-Free Workplace

Everyone's continuing commitment is needed to maintain an environment that is free of any form of unlawful discrimination or harassment. All employment-related decisions must be based on the needs of the business, individual qualifications, ability, contribution and demonstrated performance. Some workplace conduct which may constitute unlawful harassment include:

- 🚩 Unwelcome physical contact, suggestive comments or jokes, sexist remarks or harassment by, or of, employees, customers or others.
- 🚩 Harassment on the basis of any other lawfully protected status.



Confidential Information Regarding Directors, Officers, Employees, Agents and Subcontractors

In conducting business, it may be necessary to collect, maintain and use personal information about directors, officers, employees, agents and subcontractors. Whether by paper or electronic files, only job-related information and personal information related to business, benefits and legal purposes will be collected and maintained. This information will be maintained on a strictly confidential basis, and the privacy of the individual will be respected and protected. The use or disclosure of any of this information is limited to required business or legal purposes, and it is improper to:

- 🚩 Use Company systems to access material that is not related to a team member's job function.
- 🚩 Disclose personal information about a team member absent a demonstrated business, benefits or legal purpose, or disclose personal, confidential information without appropriate protective measures in place to prevent further disclosure.

Substance Abuse in the Workplace

The safety and health of all directors, officers, employees, and others working or visiting in our facilities is a shared responsibility. We make every effort to provide a workplace free of recognized hazards and to maintain facilities free of the hazards of impairment from the influence, manufacturing, possession, distribution or use of drugs or alcohol while on Company business or Company property.

ETHICS EDGE

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I have a prescription for a mild pain reliever from my doctor for a nagging back injury. The warning label on the bottle tells me I should avoid operating machinery while taking this medication, but I operate a grinding machine at work. Can I take these prescription drugs while working? I really feel much better when I do...

It's not safe for you, or your team members, when you take such medications while at work, since your judgment may be impaired while under the influence of these medications. Consult with your doctor about an alternative for use while at work that does not pose the same risk of harm to yourself and others while operating machinery.



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CONFLICTS OF INTEREST

We have a responsibility to act in the best interests of the Company and to ensure that our business decisions are based on quality, price, delivery, service, experience and reputation. It is the policy of Kennametal that no director, officer, employee or agent, or their immediate families, may engage in any activity that gives rise to an actual or perceived conflict of interest unless such conflict of interest is disclosed to Kennametal and approved by the Office of the General Counsel after consultation with such members of senior management as appropriate or, with respect to directors and officers, is approved by the Board of Directors or the Nominating/Corporate Governance Committee.

To make the best choices, we must remember that our loyalties are with Kennametal and that we must avoid situations resulting in divided loyalties. We must act with honesty and integrity, avoiding actual or perceived conflicts of interest in personal, professional and organizational relationships. A conflict of interest occurs when an individual's private interest interferes in any way, or even appears to interfere, with the interests of Kennametal as a whole. In the performance of our responsibilities, our first obligation and loyalty is to Kennametal. In dealing with customers, suppliers, subcontractors, rivals or competitors, we must not engage in activities that may make it difficult to perform our work objectively and effectively or, directly or indirectly, cast doubt or create even the appearance that we cannot act with complete objectivity concerning the best interests of Kennametal or our customers. Where Kennametal engages in contracting with government entities, additional rules regarding actual or potential conflicts of interest may apply (see *Doing Business with the Government* section).

Conflicts of interest may include, but are not limited to, the following:

-  Receiving improper personal benefits for an individual or such individual's family as a result of your position at Kennametal.
-  Holding a substantial ownership interest (other than a nominal amount of stock in a publicly-traded company) in any supplier, customer or competitor of Kennametal.

- 🚩 Loaning money to, or borrowing money from, individuals or concerns that do business with or compete with Kennametal, except transactions with banks or other financial institutions in accordance with normal business practices.
- 🚩 Engaging in any outside business activity that is competitive with Kennametal's business.
- 🚩 Receiving any gifts, gratuities, or excessive entertainment, fees or payment from any party with which Kennametal has business dealings, except for commonly distributed items of nominal value that are given for promotional purposes and that conform to customary industry practices. (Any gifts that are not of nominal value must be returned immediately and reported to a supervisor. If an immediate return is not practical, the item or items should be given to Kennametal for charitable disposition).
- 🚩 Accepting outside employment that adversely affects your work for Kennametal.
- 🚩 Serving on a board of directors of any customer, supplier or competitor of Kennametal, unless such service has been disclosed to Kennametal and approved by senior management.
- 🚩 Using, for personal gain or for the benefit of others, confidential information obtained during your affiliation with Kennametal.

ETHICS EDGE

“ I serve on my local township's municipal board. We make decisions about road improvements, school taxes, police coverage and the like at our meetings that are held about once a month. The Kennametal facility where I work is located in the same township – does this pose a conflict for me?

It might. While we encourage community involvement of our team members, it's also important that you do not engage in any activities which might ask you to choose between your duties as a township board member and your loyalty to Kennametal. It's also important that you don't use your position as a township board member to make decisions that unfairly favor, or harm, Kennametal's interests. Once you've gotten permission from the Office of the General Counsel to serve on the township board, it's best to excuse yourself from any decisions which directly or indirectly impact Kennametal.”

DOING BUSINESS WITH THE GOVERNMENT

Kennametal engages in transactions with government entities around the globe and is committed to performing in an honest and ethical manner and in compliance with the various laws, rules, regulations and other guidance that apply to its contracts, subcontracts, grants and agreements. We expect our officers, directors, team members, agents, distributors and subcontractors to deal in an honest, fair and ethical manner with government representatives and to avoid circumstances that could be considered deceitful, wasteful, fraudulent or create the appearance of an impropriety or conflict of interest. Actual or potential conflicts of interest between the Company or our team members with the government are to be avoided. If you do become aware of an actual or potential individual or organizational conflict of interest, notify your supervisor or, if that is inappropriate, raise it with the Office of the General Counsel.

There are also specific rules pertaining to gifts and business courtesies to government officials, as well as restrictions on hiring for employment or services any current or former government officials, including military personnel. You should not offer or approve an offer for a gratuity or business courtesy to a government official, nor should you offer to hire for employment, consultancy or agency a current or former government official, without first consulting with the Office of the General Counsel.

The rules in this area are complex and constantly changing, and violations can lead to substantial fines and penalties, as well as the possible suspension or debarment from government contracting. Many governments require our Company to monitor our actions



to insure conformity with their laws and regulations and to report where certain violations may have occurred. When in doubt, Make the Call! And ask for assistance from the Office of the General Counsel. You should always contact the Office of the General Counsel if you suspect or encounter:

- 🚩 Gifts to government contract officials or discussion of future employment or agency opportunities at the Company with government contracting officials.
- 🚩 Not keeping accurate time records with respect to work charged to a government contract.
- 🚩 Not following the terms of the contract.
- 🚩 Gratuities or business entertainment of political officials or government employees (or their family members) without following policy guidelines and accounting requirements.
- 🚩 Hiring people at the request of a government official.
- 🚩 Misrepresentations or failure to include important information in communications with government employees.
- 🚩 Failing to promptly disclose to the government when an error in pricing or time charging is discovered.

ETHICS EDGE

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We have a customer in the aerospace business that is a contractor to the government. We aren't the prime contractor, but simply are a sub-prime contractor with a firm price contract to supply cutting tools under the customer's contract with the government. Do the government contracting rules apply to us, since we don't have an agreement directly with the government?

It is likely that certain government contract rules apply, so err on the side of caution and assume they might. The government regulations regarding contracting are complex, and the Office of the General Counsel can assist you with making the right determination as to what regulations will govern your relationship with that customer.

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PRODUCT INTEGRITY

Kennametal's products must meet the required specifications. There can be no unauthorized substitutions. Kennametal strives to be the supplier of choice and is committed to providing the best quality, delivery and service. Our reputation depends on diligent adherence to customer and contractual specifications. Any unauthorized deviation could violate the contract and our customers' faith in the integrity of our products. Be aware of the following:

- ▶ Third-party products repackaged or relabeled as Company-branded products without specific authority of the third party.
- ▶ Production of products from proprietary third-party specifications without permission.
- ▶ Excessive wear, abrasion or failure rates for the materials specified.
- ▶ Unsupported properties or features of a product, which give the impression of a false productivity claim.
- ▶ Unsubstantiated claims of recycled content or “green” product attributes.



CORPORATE OPPORTUNITIES

Directors, officers and employees of Kennametal owe a duty to Kennametal to advance the Company's interests when the opportunity arises. Some examples to watch for include:

- 🚩 Taking business opportunities for personal gain that are discovered through the use of Company systems, property, or information, or through such person's position within the Company.
- 🚩 Use of Company systems, property or information, or position at Kennametal, for personal gain.
- 🚩 Selling at lower than market value, or giving away, aged machinery and recyclable materials without appropriate management approval.
- 🚩 Competing, directly or indirectly, with the Company.

See also our [Conflicts of Interest Guide](#).



GIFTS AND BRIBES

Kennametal policy and many laws under which we do business prohibit Kennametal, its employees, prime or sub contractors, agents, distributors or representatives from offering, soliciting, giving or accepting bribes or kickbacks, or transferring or receiving money or anything of value which could improperly influence conduct. Punishment is particularly severe for improper payments involving government officials, political candidates, or political parties in the United States or abroad. Occasional business meals, social events or souvenirs of nominal value may sometimes be appropriate if reasonably limited in cost and frequency. However, specific rules and prohibitions apply to business conducted with government agencies and entities, such as the U.S. Department of Defense. Special care must be taken to understand and comply with these specific rules. You should also seek advice when you suspect:

- 🚩 Cash or off-book payments to political officials or government employees.
- 🚩 Gratuities or business entertainment of political officials or government employees (or their family members) without following policy guidelines and accounting requirements.
- 🚩 Requests to include a government official's family member(s) in the travel plans relating to site visits.
- 🚩 Hiring people at the request of a government official.
- 🚩 Misrepresentations or failure to include important information in communications with government employees.

Please see the [Legal Compliance Policy for International Transactions and Operations](#), and the [Gifts and Business Courtesies Guide](#), for further guidance.





ETHICS EDGE

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I have heard it is customary to give gifts as a business courtesy in China when opening negotiations with a new customer, as a sign of good faith. I am meeting with a potential customer in China to discuss a total tooling solution for a new state-of-the-art factory they are building to make aircraft parts. I heard that the customer is partially owned by the Chinese government – does that make the customer a “government official,” and if so, can I extend a gift to the customer when I meet them next week?

Please consider that customer a “government official” under our Legal Compliance Policy for International Transactions and Operations. It’s impossible to tell at this early stage whether the person you will be working with actually performs any government duties, so it’s better to be safe than sorry. While we cannot give foreign government officials anything of value to secure their business, certain hospitality expenses of nominal value might be permissible. Please contact the Office of the General Counsel and discuss what kind of business courtesy you are considering to open the negotiations with them. There may also be technology transfer, Import/Export or other issues, so an advance call to the Global Logistics and Trade Compliance Office would also be advisable in this particular instance.

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ANTITRUST AND FAIR TRADE

Governments have established antitrust and fair trade laws to protect and promote competition. The most serious infractions usually involve collusion among competitors. In some countries, violations of these laws can result in criminal penalties. Whenever legitimate contact with competitors is contemplated, you should seek advice from the Office of the General Counsel before proceeding.

Kennametal policy prohibits, among other things:

- 🚩 Working with competitors to fix prices or to allocate markets or customers.
- 🚩 Attempts to control the prices at which the Company's distributors or other customers resell our products to others.
- 🚩 Agreements with another person or business not to do business with a third party.
- 🚩 Requiring a customer to purchase one product in order to purchase another, or preventing the purchase of one product with another.

Significant business relationships should not be abruptly terminated, such as agents or distributors, especially when new partners are intended to be substituted, without first seeking advice from the Office of the General Counsel. The best approach is to limit contact with competitors and, when contact is necessary, to avoid discussions about prices or any of the prohibited activities listed here.

Please see the [Antitrust Policy and Guidance](#) for further information or call the Office of the General Counsel.



ETHICS EDGE

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The Managing Director of our biggest local competitor has called me and wants to sit down over coffee to talk about general market conditions one morning next week while we're both at a local trade show. We don't have antitrust or unfair competition laws in my country like what you have in Europe and the United States. Can't I just meet with him for coffee to keep us on friendly terms?







You should avoid such a conversation, under the circumstances, just to be safe. It's the appearance of possible impropriety that gets triggered when two people who are competitors talk together about business. Because your country does not have the same restrictions as the United States and Europe, the competitor may not be as sensitive to these restrictions, and the conversation might easily turn into trouble topics for both you and Kennametal before you even know it. We expect you to 1) steer clear of prohibited topics (pricing, market share, etc.), 2) immediately remove yourself from any situation that would put you in a position to participate in or witness prohibited discussions (politely and with respect, of course!), and 3) disclose to the Office of the General Counsel the circumstances of the meeting, as well as the topics discussed, so that we can promptly take whatever steps are necessary to protect the Company in the event an allegation of illegal or prohibited conduct is made.

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IMPORT/EXPORT COMPLIANCE

There are many instances of controls and restrictions on the import and export of our products, services and technical information. Special restrictions apply to products that could have military or dual use applications. In some cases, there are absolute prohibitions or embargoes against trade between some countries and entities. These controls and restrictions also apply to our overseas branches, subsidiaries and affiliates, including prime and sub contractors.

Economic, political and military events, over which we have no control, can cause rapid changes in these trade restrictions. The Office of the General Counsel maintains current information on these trade restrictions and publishes the Export and Trade Compliance Policy and related information, which you should consult regularly before doing business in other countries and with certain entities. When new opportunities present themselves, you should review the Export and Trade Compliance Policy and consult with the Office of the General Counsel or the Global Logistics and Trade Compliance Office before acting, especially on transactions which involve:

-  Cash or cash equivalent transactions for foreign customers.
-  Mismatched shipping and invoicing documentation.
-  Mismatched purchaser and “ship to” addresses.
-  Missing documentation.
-  Redirected shipments.
-  Stated end use inconsistent with product specifications.

Please see the Company's [Export and Trade Compliance Policy](#) for further information, or contact your local export compliance coordinator.

PROTECTION AND USE OF ASSETS

All directors, officers and employees should protect Kennametal's assets and ensure their efficient and responsible use. We have the same responsibility to protect customer resources and assets provided to us for use and safekeeping. Theft, carelessness and waste have a direct impact on Kennametal's profitability, and therefore, all of these assets should only be used for legitimate business purposes. No employee, officer or director may use Kennametal or customer property or services for any personal benefit or the personal benefit of anyone else. Kennametal realizes that sometimes the line between personal and Company benefits is difficult to determine. The only prudent course of conduct for us is to ensure that any use of Kennametal property or services that is not solely for the conduct of Kennametal business is approved beforehand by the Office of the General Counsel, which is needed to prevent:

- 🚩 Unauthorized use or disclosure of computer software, copyrighted material or proprietary information of the Company.
- 🚩 Improper use of Company funds.
- 🚩 Personal use of Company property, including confidential information, computer hardware, mobile and wireless devices, and software.
- 🚩 Use of Company fleet vehicles or equipment for personal use.
- 🚩 Excessive internet surfing on non-business related sites.
- 🚩 Inappropriate emails or text messages sent via Company systems.
- 🚩 Downloading non-business related materials onto Company systems.

Please see the Company's [*Trade Secret Protection Policy and Procedures*](#) for further guidance in this area.



PUBLIC DISCLOSURES, INSIDE INFORMATION AND TRADING COMPANY STOCK

Because Kennametal stock is publicly traded, there are specific rules about trading and the disclosure of information, which must be observed by all directors, officers and employees. We must all strive to ensure full, fair, accurate, timely and understandable disclosure in reports that we file with the Securities and Exchange Commission (SEC) and in other public communications.

Applicable law also regulates the manner in which we use and disclose inside information, which primarily includes any material information about the Company that could affect the market price and investor decisions about our stock. Certain individuals will have access to inside information about Kennametal, which could include the Company's financial performance, negotiations about acquisitions or divestitures, major R&D or new product breakthroughs, and the like. This inside information must be held in strict confidence, except when we are authorized or legally obligated to disclose the information.

It is both illegal and against our policy for any individual to profit from undisclosed information relating to Kennametal. Anyone who is in possession of any material inside information that Kennametal has not yet disclosed to the public may not buy or sell Kennametal stock, or advise others to buy or sell Kennametal stock, until the information has been released to the public and enough time (at least 48 hours) has passed to allow investor reaction in the stock market. For example, we must never disclose financial information to anyone outside the Company, including the media, except as expressly authorized. Inquiries of this type should always be referred to the Chief Financial Officer or Investor Relations.

Our policy also prohibits any director, officer or employee from buying or selling, or advising others to buy or sell the securities of any company, including suppliers, competitors or customers, based on information we have that has not been publicly disclosed.

It is clearly against Kennametal policy, and possibly illegal as well, to trade the Company's securities or the securities of any other company in a way that attempts to hide the true identity of the trader or to mislead others as to the identity of the trader. Any individual trading in the Company's securities using fictitious names, names of relatives or friends, or brokerage accounts under fictitious names located in foreign jurisdictions

shall be subject to immediate disciplinary action. Similarly, closely related family or household members cannot buy or sell company securities when they have inside information.

The regulations on stock trading and disclosure are sensitive and complex. If you have any questions, before acting you should consult with the Office of the General Counsel, and you should avoid at all costs:

- 🚩 Trading or tipping information to others (including family members), based on information not available to the public.
- 🚩 Trading in the securities of another public company with which Kennametal is involved in a possible transaction.
- 🚩 Use of fictitious names or the names of relatives or friends in securities transactions.
- 🚩 Use of brokerage accounts in foreign jurisdictions under fictitious names or the names of relatives or friends.

Please see the Company's [Insider Trading Policy](#) for further information.

ETHICS EDGE



I'm in sales and just fielded a call from a really big customer who wants to cancel some significant orders we have on the books. The caller was really distressed, telling me his orders were down 30% and the company is having trouble paying on invoices, and he wants to cancel the orders with us so that his company will remain in good standing with our credit department. After he poured his heart out to me, he asked me to keep it quiet, and told me he probably shouldn't have let on how bad things were at his company. I own some shares in this customer that I've bought over the years because they always seemed to do rather well. Now I'm thinking of selling my shares while the price is still stable. Can I do that?

No! You run the risk of violating securities laws by selling your shares, no matter how few or how many you own or want to sell, based on the "inside information" that customer just gave you. Until such time as the Customer publicly releases financial information about his company, you further have an obligation not to share that information with anyone else who may buy or sell shares in the customer. Call the Office of the General Counsel for further advice as needed.



POLITICAL ACTIVITIES, CONTRIBUTIONS, AND LOBBYING

Kennametal encourages individual participation in the political process, and recognizes and respects that this is a matter of personal choice. Since our time at work should be devoted to handling our responsibilities, our policy and, in certain cases, the laws prohibit the use of employees' time at work for political activities that are not expressly authorized by the Company.

For similar reasons, and to avoid any appearance of a *conflict of interest* or violation of law, our policy also prohibits the payment of corporate funds to any political party, candidate or campaign. Any use of Company property or assets for political activities must be approved by the Company in advance.

Any employee, director or officer who has any question about what is or is not proper should consult with the Office of the General Counsel before engaging in any activity that could be construed as representing Kennametal in any lobbying or political activity, including the giving of any thing of value, such as any monetary contributions or favors, at either of the federal, state, or local levels, or in any foreign country. Red flags include:

- 🚩 Putting the expenses of a political fundraising event on a Company expense report.
- 🚩 Gifts in violation of our *Gifts and Business Courtesies Guide*, or cash gifts (including cash equivalents) to a political party, candidate or campaign.
- 🚩 Bundling employee contributions to purchase tickets for a political fundraiser as this fails to disclose the source of the contributions.



ETHICS EDGE

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I've been asked to contribute to the Kennametal Political Action Committee, called "KEEG". Isn't this a violation of the rules against using Company funds to pay any political party, campaign or candidate? Doesn't it also violate our policy concerning giving money to government officials?

Kennametal Employees for Effective Government (KEEG) was created to influence the legislative and political process on behalf of Kennametal by providing a vehicle for employees who are U.S. citizens to take an active financial role in political and government activities that affect the success and competitiveness of the Company. Company-sponsored Political Action Committees are a permissible way for organizations like Kennametal to express its support for certain initiatives within the government, through a tightly controlled and highly regulated process. Participation in KEEG is completely voluntary and a legitimate means for eligible employees to contribute funds to support federal and state candidates and express their political voice.

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ENVIRONMENTAL, HEALTH AND SAFETY

We make every effort to conduct our business so that our worldwide operations and products do not harm the environment or endanger the health and safety of our employees, customers or the public, and comply with all applicable laws. We provide our employees and the public with information on how to handle and use our products safely as well as information on appropriate end-of-life management, including recycling.

Our policies require strict adherence to global laws, regulations and company procedures to ensure that standardized workplace practices and controls are in place enterprise wide. *The Environmental, Health and Safety Policy Statement* gives specific guidance on workplace safety at Kennametal. Questions concerning the interpretation of environmental, health and safety issues should be directed to the office of Environment, Health and Safety or the Office of the General Counsel. In particular, you should always be on the lookout for the following to ensure the safety and well-being of our team members:

- 🚩 Failure to wear eye protection or other personal protective equipment where required or mandated by policy and failure to observe facility regulations concerning protective devices.
- 🚩 Failure to observe lock-out, tag-out procedures or other critical workplace rules.
- 🚩 Improper disposal of waste, or use of a non-approved hauler or disposal facility.
- 🚩 Failure to obtain any local environmental or occupational permits for business operations.
- 🚩 Incomplete environmental record-keeping.
- 🚩 Unreported spills, discharges, workplace injuries, or missing protective devices on tools and machinery.





ETHICS EDGE

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I was told I can't wear the watch my dad gave me while working on the plant floor due to a Company policy against jewelry in the workplace. I don't operate a machine, I simply work in the shipping department. I routinely check inventory on the shelves prior to packing and shipping orders for customers. I don't understand why I have to remove my watch every day. I feel like the Company should allow me to wear my father's watch, since wearing it does not pose a risk of injury to me.

Kennametal is concerned for the health, safety and well being of all our team members in the workplace. While you may honestly believe that wearing your watch does not pose a risk of harm to you, workplace conditions are constantly changing, and often times team members are asked to perform different functions from one day to the next. Workplace hazards are often not obvious, and injuries can occur even while performing routine functions that do not involve machinery at all. Safety requirements, such as wearing personal protective equipment and observing workplace restrictions, should always take priority over individual requests for accommodation that do not have a basis in occupational health and safety, to ensure the well-being of all of our team members while at work.

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ACCOUNTING AND AUDITING MATTERS

Our financial statements and the books and records on which they are based must accurately reflect all Company transactions. Our policy requires that all costs, receipts and disbursements of funds must be promptly and accurately recorded and that our records must disclose the nature and purpose of all transactions. There are special provisions for record keeping pertaining to activities with government entities and authorities, and the Office of the General Counsel is available to assist with any questions you may have.

It is also our policy to cooperate fully with the internal and external auditors and to disclose to them all required information on a timely, complete and accurate basis so that they can help us ensure compliance with these principles. No person acting on behalf of the Company may attempt to influence, coerce, manipulate or mislead any auditor or accountant engaged in an audit of the Company.

The Company's Audit Committee oversees this area. If you have concerns regarding questionable accounting or auditing matters, you may report your concerns to the Office of the General Counsel or call the Helpline, which can be utilized on an anonymous and confidential basis, in your local language, 24 hours a day. It is of vital importance that you promptly report:

- 🚩 False, misleading or omitted entries in records.
- 🚩 Failure to follow proper accounting procedures, or use of off-book accounts.
- 🚩 Improper bookings, or delayed or irregular shipping, receiving or inventory management practices that impact balance sheets for payables and receivables.
- 🚩 Falsifying expenses claimed for reimbursement.
- 🚩 Improper use of Company-sponsored purchasing or credit cards.
- 🚩 Improper use of Company-provided vehicles.
- 🚩 Failure to pay Company-sponsored credit card accounts when due.
- 🚩 Improper or incomplete records with respect to payments made to the government, government contractors, customers, agents and/or distributors with respect to business transactions made on our behalf.

See also the section on [*Doing Business With the Government*](#).



PROTECTION OF CONFIDENTIAL INFORMATION

Confidential information is an important Company asset and often a competitive advantage, which we need to protect for the benefit of the Company and all employees. Directors, officers and employees must maintain the confidentiality of information entrusted to them by Kennametal or its customers, except when disclosure is authorized or legally mandated. We must not use confidential information acquired in the course of our work for our personal advantage. Confidential information includes all non-public information regarding, directly or indirectly, Kennametal, its team members, and information entrusted to Kennametal for the benefit of its customers or suppliers. For example, confidential information may include certain technical specifications, product compositions, business plans, non-published financial information, manufacturing methods and processes, customer and employee lists, and computer software.

It is our policy to limit access to this information to those employees who need it to do their jobs and to prohibit the use or release of this information to anyone outside of the Company without specific authorization from the appropriate manager and the completion of a confidentiality agreement by the person or firm to whom the information is to be provided. Please be on the alert for:

- 🚩 Failure to obtain proper non-disclosure documents for plant or technical center tours.
- 🚩 Unauthorized use or disclosure of computer software, copyrighted material or proprietary information of the Company.
- 🚩 Inappropriate access to protected data files or information without a legitimate business need.
- 🚩 Use of webmail or third party email systems for business correspondence without proper authorization.
- 🚩 Sending Kennametal drawings outside of Kennametal without management permission and without an appropriate confidentiality agreement with the recipient.

Please see the Company's [Confidential Information Policy](#) for further information.



ETHICS EDGE

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I have an Indian customer serving the Indian Air Force that requested a tour of our manufacturing facility in Bangalore so he could get an idea of our operations and capabilities for inserts. While on the tour, he shared drawings with our Advanced Engineering department in India that included requirements for custom tooling for jet engine turbine blades. Advanced Engineering wants to send these to Germany for quoting... can I go ahead and release the drawings to Germany?

Probably not. Because this customer not only may be a foreign government official (since he represents the interests of the Indian Air Force), but what you describe also involves the potential for a technology transfer between Germany, potentially the US, and a foreign government (the Indian Air Force), it's best to contact the Office of the General Counsel before sending the drawings on for quote.

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INTELLECTUAL PROPERTY

Patents, copyrights, trademarks and trade secrets are important and valuable Company assets. It is our policy to protect and respect these assets. While Kennametal sometimes allows others to purchase or use its intellectual property through formal agreements, we should all be alert to and report the unauthorized use of our business assets by others.

It is also our policy to respect the assets of others. We prohibit the infringement of patents, copyrights, trademarks, computer software, protected writings, products or processes and similar business property rights of others. We do not copy or use these assets without prior formal authorization, and you should not:

- 🚫 Use materials downloaded from the internet in Company materials without permission.
- 🚫 Make multiple copies of articles for general distribution or use without an adequate subscription that permits multiple copies.
- 🚫 Use materials from a former employer or competitor in Company materials.
- 🚫 Quote or produce product from specifications or drawings clearly marked as third party proprietary without a release.
- 🚫 Use information found in a competitor's notebook or overheard in a conversation for the benefit of the Company.
- 🚫 Use someone's name or likeness in advertising materials without their permission.

Please see the Company's [*Trade Secret Protection Policy and Procedures*](#) for further information.



ETHICS EDGE

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I have a customer that sends me a production drawing for me to reference for specifications and bidding purposes. In the bottom corner of the drawing is a notice, stating that the drawing belongs to a company other than the customer. Can I use the drawing to make prototypes of the products for specification testing and bidding purposes for the customer?

Not without the permission of the company that owns the drawing. Copyright protects against unauthorized copying of the work product in just about any medium, including making drawings and prototypes that “copy” what’s been provided. In addition there may be issues relating to trade secrets and confidentiality associated with the drawings. It’s best to consult with the Office of the General Counsel before using this type of drawing for any purposes.

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DO THE RIGHT THING

The principles set forth in this Code cannot identify all situations that require reporting and corrective action. They are intended to alert us to potential problem situations and to give us a better understanding of what is expected of us as directors, officers or employees in our business conduct, and what is expected of our agents, distributors, subcontractors and those that support our work. Problems in these areas can lead to adverse publicity and damage to our reputation, loss of customers, litigation, distraction from doing our jobs, unnecessary expense and even criminal fines or imprisonment.

Kennametal directors, officers and employees want to do the right thing, and we should be familiar with the laws and policies concerning standards of business conduct that apply to our jobs. Officers and employees are expected to participate in our Business Ethics and Conduct programs and training. Understanding these guidelines and the laws and regulations that apply wherever we do business, and living within the principles described here, are essential to the success and well-being of the Company, employees and their families, agents, distributors, subcontractors, customers, suppliers, shareholders and neighbors in the communities in which we live and work.

Reporting Concerns

Trust your instincts. If you encounter a situation that makes you uncomfortable, there may be a real problem which can be avoided or controlled if you seek prompt assistance. Consult your supervisor, HR Professional, Company lawyer, financial controller, or any manager or other employee you trust. If you have knowledge of any activity that is or may be a violation of this Code, you must report such activity promptly. Failing to report or condoning a violation of the law, our Code, or the Company policies and procedures may lead to disciplinary action up to and including dismissal.

Questions and Waivers

While most of the policies contained herein must be strictly adhered to, in certain cases, exceptions may be possible. Certain policies require specific advance reporting for clearance or waiver, such as *conflicts of interest*, *gifts*, *export controls*, or *business entertainment* with Government Officials. Other business transactions, such as *government contracting*, have very specific reporting and accounting requirements.

Please make sure that the appropriate reporting is completed in these instances. Questions regarding the interpretation of specific Company Policies will be resolved through the *Office of the General Counsel*. In addition, team members can anonymously ask questions by contacting the Kennametal HelpLine or by sending a memorandum or letter to k-corp.ethics@kennametal.com. Any director, officer or employee who believes that an exception to any of these policies is appropriate in his or her case should contact his or her immediate supervisor or the Office of the General Counsel. Any waiver of this Code as it relates to directors or officers may only be made by the Board of Directors of Kennametal or the Nominating/Corporate Governance Committee.

Investigation and Resolution

Each report of a known or suspected violation of the law or Company policies or procedures will be promptly and thoroughly investigated. If a violation has occurred, Kennametal will take reasonable actions to prevent similar violations, as the Company has adopted a “zero tolerance” policy for violations of our Code. To the extent permitted by law, the Company will take reasonable precautions to maintain the confidentiality of those individuals who report suspected or known violations of the law, the Code, or Company Policies and procedures. This confidentiality includes both the confidentiality of the person making the report as well as the person about whom the report is made. It is essential that employees involved in investigation or who have made reports honor this commitment to confidentiality.

No Retaliation

If you report, in good faith, a suspected violation of this Code or ask questions regarding this Code, you will not be subject to retaliation for doing so. No disciplinary or other retaliatory action will be taken against any director, officer or employee for informing the Company of any violations of this Code.

DO THE RIGHT THING

Consequences for Violation

When a team member is determined to have engaged in a violation of the law, the Code, or Company Policies or procedures, she or he may be subject to discipline, up to and including termination of employment. Disciplinary action may also be taken against supervisors or executives who condone, permit or fail to take appropriate action against illegal, unethical or other improper conduct, even though they were not directly involved in the conduct. It is the policy of the Company to apply its discipline in a consistent fashion; however, the form of discipline which is appropriate will be determined on a case-by-case basis.

Documentation of disciplinary measures for violations of the law, the principles included in the Code and of other applicable Company Policies and Procedures will be retained in the disciplined employee's personnel file and will be considered during regular and promotional employee evaluations. In addition, Kennametal may have a legal obligation to bring violations of the Code to the attention of appropriate enforcement authorities (as some violations are also violations of the law). In such cases, civil or criminal penalties may also be imposed.

Distribution

Every director, officer and employee of Kennametal will receive a copy of this Code and be asked to sign a statement acknowledging receipt and review of the Code. Copies of the Code will also be made available as appropriate to our agents, distributors, subcontractors and others who support our work.

YOUR RESPONSIBILITY

All team members of Kennametal and employees of any Kennametal subsidiary, business unit, partnership or joint venture are expected to abide by the applicable laws, regulations, rules, and regulatory orders of every jurisdiction in which the Company operates. It is the responsibility of all team members to comply with the Kennametal Code of Business Ethics & Conduct. Team Members are expected to be familiar with the laws and regulations applicable to their jobs within their country, and this Code is not a comprehensive or all-inclusive representation of the laws and regulations for every employee. Copies of Company policies and other policies and procedures are available for team members to review on the Company's Infonet or through their Human Resource professional. This Code is not based entirely on the laws, regulations, rules or policies of any particular country or location. As a global company, we must be sensitive to the requirements of doing business in many countries. The Code reflects the values that have made Kennametal and its directors, officers and employees successful and respected over the years. We can be proud of our record and reputation, but it lies in your hands. Each of us has a responsibility to continue to protect the reputation we have earned.

MANAGEMENT RESPONSIBILITY

Managers and supervisors should also take reasonable steps to promote integrity in the workplace through routine communications with their team members, and leading by example. Company management is responsible for ensuring employees receive adequate information and instruction to enable each to understand and comply with applicable legal and ethical requirements. Supervisors and managers are also responsible for actively encouraging employees to voice concerns, raise questions and communicate issues relating to legal and ethical compliance and for resolving any issues, concerns or questions in a timely manner.

Remember, fairness is the standard by which we measure respect for ourselves, each other, our customers, and our suppliers. Good intentions simply aren't enough...you should know the Code, talk to your manager or supervisor if you have questions or concerns, and make sure suspected violations are promptly brought to the attention of management, Human Resources, Company Counsel, the Office of Ethics & Compliance, or the Company's HelpLine.

Your Voice is Important!



Ethics
is good business
& Integrity
is the bottom line!

PLEASE COMPLETE THIS ACKNOWLEDGMENT AND RETURN THE BOTTOM HALF TO YOUR HUMAN RESOURCES MANAGER/REPRESENTATIVE WITHIN 15 DAYS OF RECEIPT. KEEP THE TOP HALF FOR YOUR RECORDS. YOUR TIMELY COOPERATION IS GREATLY APPRECIATED.

ACKNOWLEDGEMENT

I acknowledge that I have received a copy of the Kennametal booklet entitled, Code of Business Ethics and Conduct, have read it, and understand its contents as it applies to my job.

Print Name _____

Division/Location and/or Title _____

Signature _____

Date _____

Keep this half for your records.



PLEASE COMPLETE THIS ACKNOWLEDGMENT AND RETURN THE BOTTOM HALF TO YOUR HUMAN RESOURCES MANAGER/REPRESENTATIVE WITHIN 15 DAYS OF RECEIPT. KEEP THE TOP HALF FOR YOUR RECORDS. YOUR TIMELY COOPERATION IS GREATLY APPRECIATED.

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Print Name _____

Division/Location and/or Title _____

Signature _____

Date _____

Return this bottom half to your human resources manager/representative.



