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# 2019 CORPORATE SUSTAINABILITY REPORT

RELEASE DATE: MAY 2020



# A MESSAGE FROM OUR CEO



## Opening Letter

During 2019, we proudly celebrated KEMET's centennial as a visionary, worldwide organization dedicated to making the world a better, safer, more connected place to live. But the scale of our achievement didn't happen overnight. From our humble origins in the simple workshop of a young, entrepreneurial inventor in Cleveland, Ohio to our rise as a global leader in the electronics industry, KEMET's technological advances have made possible communication satellites, cellphones, supersonic jets, space stations, personal computers, and electric cars — innovations that touch every household, helping improve our lives.

In very real ways, the story of how we got here is the story of the creation of the modern world. It is a story about technology and dedicated people, whose ingenuity and perseverance shaped our success. At KEMET, we believe that our employees at every level, and in every location, are our most valuable assets.

Founded in 1919, KEMET Laboratories Companies, Inc. dedicated itself to "investigate, experiment with, invent, discover and develop any and all metallurgical, electro-metallurgical, chemical, and electro-chemical products and compounds, including any and all substances and any and all alloys and compounds thereof; and any and all processes relating thereto." The word "KEMET" itself is an amalgamation of CHEmical and METallurgical. Soon after, KEMET's mission shifted from pure research to cutting-edge manufacturing.

By 1931, that young, largely self-taught inventor-entrepreneur had perfected the vacuum tube. Our products helped radios reach millions of homes during the Great Depression. They helped put a man on the moon. They made cars safer and airplanes more secure. They fueled the development of television, computers, mobile phones, and the internet. Today, KEMET is designing new materials to further the revolution in green energy, electric vehicles, communications, artificial intelligence, and the Internet of Things (IoT). Although KEMET is not a household name, its products are in every household, and will be for the foreseeable future.

But we cannot remain a leading global supplier of passive electronic components without understanding the importance of promoting sustainability in both our direct operations and our supply chain. During the late 1930s/early 1940s, KEMET built the first-ever production units of barium and strontium to create an alloy used in our getters, a move toward vertical integration that would become a foundational concept for our sourcing of tantalum ore and tantalum powder manufacturing seventy years later. We use nearly half of the 118 elements in the periodic table and are the world's largest user of element 73, tantalum. As a result of the intensive nature of resource extraction, we acquired a tantalum metal powder producer, built a production plant for a key intermediate (K-Salt), and developed mining alliances. These steps allowed KEMET to achieve vertical

integration of our supply chain and become one of the first companies to claim a "conflict-free" distinction by the U.S. Securities and Exchange Commission (SEC).

Controlling our supply chain was as much an ethical choice as a business decision. Globally, the major source of tantalum is in the Democratic Republic of Congo (DRC), and media reports disturbing conditions in mining operations there, and often a disregard for human rights. We took an early leadership position in the industry on the issue of obtaining certified conflict-free minerals. In doing so, we established an initiative in 2012 that would provide oversight in tantalum operations and ensure that standards of production would not falter. KEMET also helped to establish the Kisengo Foundation, which funded the construction of a hospital, school and infrastructure improvements to provide miners and their families medical care and education at the mining site in the DRC.

When KEMET was founded, the company consisted of no more than five people in a small lab in Cleveland, Ohio. One hundred years later, we operate 22 manufacturing plants, control hundreds of patents, and manufacture thousands of unique products; but our most important assets are our people. It is our employees' dedication that has made KEMET a vibrant, successful company. Ever since the 1930s, when the company's focus transitioned from research to production, KEMET has been proud of its diverse workforce. In 1946, when the company employed just 83 people, nearly half of them were women. This ratio stayed close to constant as the company embarked on a program of dramatic expansion in the decades that followed. During our 100th anniversary year, KEMET's global workforce consisted of over 13,000 employees, of whom 54 percent were women. Although we are headquartered in the United States, our employees hail from all over the globe. This international perspective is what underlies our motto, "**One World. One KEMET.**"

For 100 years, KEMET has redefined the possibilities of electronics. From our humble beginnings in a modest laboratory, we have evolved into a global powerhouse. Ever on the lookout for opportunities amidst periods of rapid change and formidable challenges, our people have set industry-wide standards in quality. In the process of improving our products, we have helped to shape the modern world.

I believe through our dedication to continuous research and innovation, our commitment to our people and the planet, the KEMET of 2119 will surely be just as remarkable as the KEMET of today.

*William M. Lowe, Jr.*

William M. Lowe, Jr.  
Chief Executive Officer and Director

# ABOUT THIS REPORT

This report, unless otherwise indicated, pertains to our global operations. In this report, we highlight the ESG topics that KEMET Corporation deemed most material to our company and provide information related to the management of those topics. We have revised our reporting period to reflect the calendar year rather than the fiscal year to improve reporting alignment across all our sustainability disclosures. Therefore, the data presented in this report is for KEMET Calendar Year 2019 (January 1, 2019 – December 31, 2019) unless otherwise stated. KEMET’s 2018 Corporate Sustainability Report did not include data related to the newly acquired TOKIN Corporation. TOKIN Corporation is now fully integrated with KEMET and its data is included in this 2019 Corporate Sustainability Report. We do not currently seek independent assurance of report data. An independent third-party qualitatively reviews and assesses the accuracy of our sustainability documentation and tracking efforts. Our reporting parameters for Key Performance Indicators (KPI) included in this report are included in Appendix A. A Sustainability Accounting Standard Board (SASB) alignment table is included in Appendix B.

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# WHO WE ARE

## About KEMET

KEMET Corporation today as it was in 1919, is a leader in technology and a materials science company. As a global manufacturer of passive electronic components, including multilayer ceramic, tantalum film, and aluminum (solid and electrolytic) capacitors, Electro-Magnetic Compatible (“EMC”) devices, sensors, and actuators, we control hundreds of patents worldwide and manufacture thousands of unique products. We are headquartered in Fort Lauderdale, Florida, and have 22 manufacturing plants located across North America, Europe, and Asia, employing over 13,000 people worldwide.

We believe strong companies build strong communities, and strong communities build strong companies. Our rich culture of citizenship dates back 100 years and continues to thrive at our company today. We are firmly committed to exercising our social responsibility through philanthropic donations and actively addressing the global challenges of improving and strengthening our communities and people’s lives.

Our **PLEDGE** is to specifically support organizations that provide services to our communities and strive to be a positive example of civic leadership. This is accomplished through encouraging employee volunteerism, charitable giving, and being visible contributors to organizations that support programs focusing on helping children and disadvantaged youth, education and technology, and supporting the arts and culture. We have also provided assistance during large-scale disasters in those areas where we have a presence. Organizations that KEMET proudly supports include the American Heart Association, International Red Cross, Clemson University, Electronic Components Industry Association (ECIA), FIRST, Junior Achievement, Tantalum-Niobium International Study Center (TIC), United Way, and the Kisengo Foundation.

### What We Care About

A better, safer, more connected world.



## PLEDGE – SUSTAINABILITY IN FOCUS



We are committed to supporting the diversity of future generations of scientists and engineers. We have been a longtime contributor to programs such as Junior Achievement, the world’s largest organization dedicated to inspiring and preparing young people to succeed in a global economy. KEMET provides funds, volunteers, and internship opportunities in support of the organization’s core programs in work readiness, entrepreneurship, and financial literacy. Every year, high school students in South Carolina and Florida have the opportunity to work alongside KEMET’s top researchers on dynamic projects. KEMET is also a proud supporter of For Inspiration and Recognition of Science and Technology (FIRST), which helps young people pursue careers in science, technology, engineering and mathematics (STEM) through educational and mentorship programs. Since the beginning of its relationship with FIRST, KEMET has supported nearly 850 teams participating in the organization’s annual robotics competition, inspiring over 10,000 students in the process. The company’s goal is to ensure that the diversity and inclusion that have long characterized KEMET are replicated across the entire field of STEM education.

Our **MISSION** is to help make the world a better, safer, more connected place to live.

Our **VISION** is to be the world’s most trusted partner for innovative component solutions.

Our **VALUES** are the key to our success, and they are:

- a belief in the passion, skills, and engagement of our employees;
- supporting each other with no self-interest and no politics;
- a One KEMET global team valuing diversity and inclusion;
- ethics, integrity, and the courage to always do the right thing;
- energetic responsiveness and an unparalleled customer experience;
- materials innovation and breakthrough technology leveraging sustainable material science;
- delivering sustainable, profitable growth; and
- a commitment to protecting human health, safety, and our natural resources.

# HOW WE OPERATE

## Governance & Management

Since our inception a century ago, KEMET has been and remains an industry leader in technological and economic advancement through environmentally and socially sustainable development. Being an employee of KEMET means having the courage to do the right thing. This means ensuring our conduct is always ethical and shaped by integrity and transparency. As a core company value, this commitment to doing the right thing underlies all our decisions and actions. Our Global Code of Conduct defines the policies and procedures to guide all employees to perform their jobs ethically and with integrity.

### GLOBAL CODE OF CONDUCT – SUSTAINABILITY IN FOCUS

For over a decade, we have adopted and enacted the principles of the Responsible Business Alliance (RBA) Code of Conduct, a comprehensive standard that addresses all aspects of corporate responsibility including labor, health and safety, the environment, business ethics, and related management system elements. The RBA Code of Conduct outlines standards to ensure working conditions in the electronics industry supply chain are safe and free from slavery and human trafficking, workers are treated with respect and dignity, manufacturing processes are environmentally sustainable, and materials are sourced responsibly. KEMET reaffirmed our commitment to the principles of the RBA Code of Conduct in our updated Global Code of Conduct released in May 2019. Training on our Global Code of Conduct is required and documented for 100% of KEMET's employees and we take adherence to our Global Code of Conduct very seriously. To that end, our Suzhou, China facility was recently recognized as an AAAAA Enterprise Integrity facility from the local government. This achievement means we've had zero labor claims in over six years, participate actively in local social security activities, and have certified our local human resources team.



We utilize a Whistleblower Hotline platform through a third-party service provider. Our confidential and anonymous Whistleblower Hotline provides both telephone and web-based methods for reporting any concerns or grievances related to any activity which an employee believes may be a violation of our Global Code of Conduct. Updated posters were placed in and materials were circulated throughout our global facilities providing the Whistleblower Hotline contact information. KEMET has a no-retaliation guarantee. We do not tolerate any retaliation against those who speak up, ask questions, or report concerns. KEMET's global Human Resources staff participated in training on the investigation of whistleblower claims.

Finally, respect for human rights is a core value at KEMET and we are deeply committed to promoting the human rights of all people through our relationship with our employees, the communities in which we operate, and our suppliers. In furtherance of our commitment to social and environmental sustainability, we released our first Human Rights Policy in July 2019. It is guided by international human rights principles encompassed by various standards and conventions, such as Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the International Labour Organization (ILO) and the ILO Declaration on Fundamental Principles and Rights at Work.

**Our Human Rights Policy further declares our commitment to all employees, suppliers, partners, and any other people impacted by our business that we and our employees adhere to the principles and policies of the RBA Code of Conduct and our Global Code of Conduct. Forced labor, slavery, and human trafficking are abhorrent abuses of human rights and we have taken the necessary steps to ensure such abuses are not occurring within our supply chain or in any part of our business operations.**

## Sustainability Strategy & Risk Management

In accordance with KEMET's Quality Management System (QMS) and Environmental Management System (EMS), risk management activities are incorporated throughout our business processes and include two main components: Business Continuity Planning and Risk Monitoring. Business Continuity Planning measures our ability to conduct day-to-day operations and is key to addressing risk identification and risk mitigation. Key elements of our Business Continuity Planning include corporate-level emergency plans for *force majeure*, epidemics/pandemics, and guidelines for the protection of people, facilities, and the environment. Risk Monitoring is integrated at multiple levels including departmental, facility-based, and management reviews. KEMET's Leadership Team reviews risk management activities annually to strategize, prioritize, and develop action plans for risk mitigation. We are excited to announce that in 2019, climate change was integrated into our risk assessment process as it relates to the potential impact it may have on KEMET's strategic plans.

We will look to build upon this in 2020 by not only assessing risk related to climate change, but its impact

# HOW WE OPERATE (cont.)

on our governance approach and business strategy per the disclosure recommendations provided by the Task Force for Climate-related Financial Disclosures' (TCFD). Additionally, we expanded our materiality assessment in 2019 to include select material sustainability topics for our industry as identified by the Sustainability Accounting Standards Board (SASB). We utilized the SASB Standard specific to our primary industry as identified by the Sustainable Industry Classification System® (SICS®): Extractives & Minerals Processing Sector – Metals & Mining Standard (2018), as well as the Technology & Communications Sector - Electronic Manufacturing Services & Original Design Manufacturing Standard (October 2018) which KEMET has identified as more germane to the overall scope of its business operations. An accounting of KEMET's metrics for the material topics identified in the SASB Standards is presented in Appendix B.

Further, KEMET is planning to conduct a new materiality assessment in 2020. As we recognize that this assessment is a fundamental aspect of a well-developed sustainability report we will employ globally recognized best practices to help guide our assessment via the application of the Global Reporting Initiative's (GRI) Standards Materiality principle. In line with this guidance, we will measure the importance of

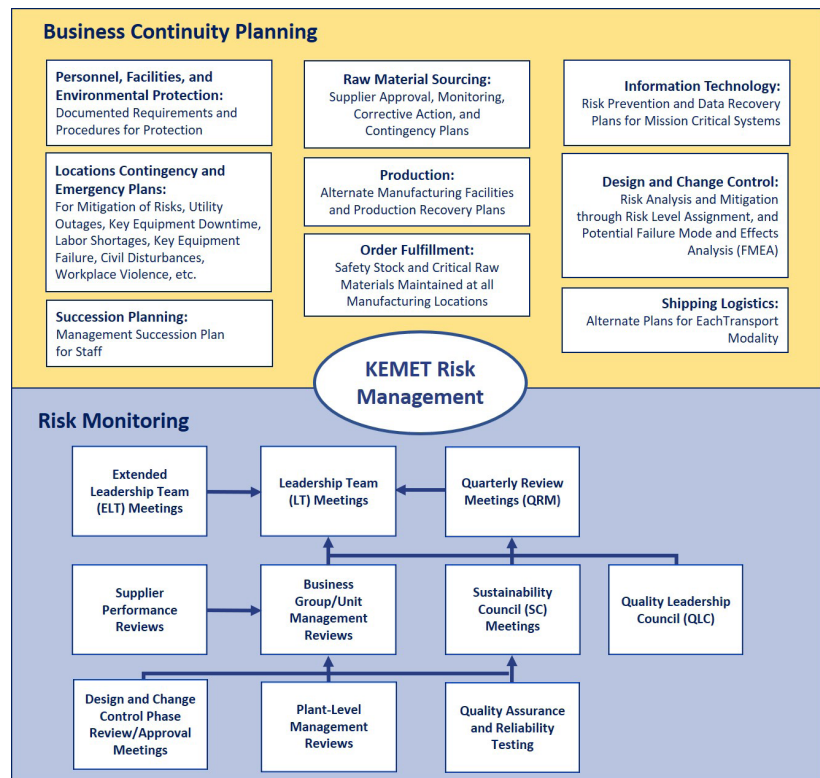
select environmental, social and governance topics based on a dialogue with our external and internal stakeholders.

In addition to our ongoing business continuity and risk management practices, we prepared responses to numerous external third-party and customer-driven business continuity and risk management assessments. These requests were made at both the corporate level and facility-based level and surveyed various topics, including: supply chain and raw materials management, business interruption due to acts of God or other *force majeure* contingencies, export control compliance, environmental, health and safety, social, and corporate governance concerns. We often provided these third-parties and customers with documentation evidencing our EMS and QMS policies and procedures, Global Code of Conduct, Human Rights Policy, Facilities, Environmental, Health, & Safety Policy, and many other documents. For specific facility-based surveys and business impact assessments, we utilized various publicly-available websites and third-party information to evaluate the probability of *force majeure* events occurring in the region, potential risk to the facility, and the likelihood of impact to the facilities. Such events including river and coastal flooding, earthquakes, tsunamis and cyclones, volcanoes, water scarcity, extreme heat, wildfires, and other natural disasters.

## GOVERNANCE – SUSTAINABILITY IN FOCUS



To ensure that sustainability is integrated into our business practices and considered within our broader risk management framework, we developed a Sustainability Council that is overseen by our Senior Vice President – Quality, Chief Compliance Officer, and Chief of Staff. The Sustainability Council is essential to the KEMET Management Leadership system. The Sustainability Council has oversight responsibility to ensure internal awareness of, and compliance to, current applicable environmental legislation, regulations, and requirements. Via quarterly meetings, the Sustainability Council ensures the suitability, adequacy, and effectiveness of our EMS, which is based on the ISO14001:2004 and 2015 International Standards. These meetings also serve to identify and assess risks, opportunities for improvement, and update our EMS. Ultimately, the Senior Vice President – Quality, Chief Compliance Officer, and Chief of Staff reports this information to our Leadership Team which, along with information from various other third-party informational outlets, are utilized in the Leadership Team's annual risk management review.



# ENVIRONMENTAL, HEALTH, AND SAFETY

KEMET has made significant efforts to decouple its production processes from its environmental impact to drive reduction in risk to its facilities and improve operational efficiency. We have accomplished this by employing innovative strategies to decrease our environmental footprint through lowering our greenhouse gas emissions, water use, and waste, while at the same time increasing our use of renewable energy. Our comprehensive approach to sustainability performance also means a commitment to not only to the health of the planet but our people as well, which is reflected in our health and safety metrics. We are proud of the progress we have made over the last year in these areas and are dedicated to driving additional improvement in the future.



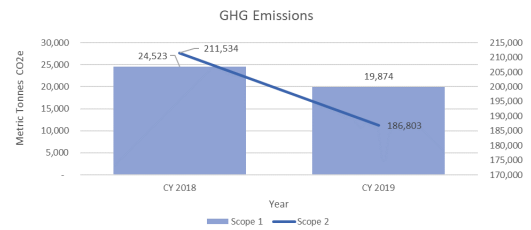
## ENERGY EFFICIENCY – SUSTAINABILITY IN FOCUS

As KEMET’s polymer capacitor (KO-CAP®) facility in Suzhou, China expanded, our compressed air system also required increased capacity. However, the original air compressors were all fixed frequency and resulted in significant energy loss during unloading processes. Upon evaluating available options, a new frequency conversion air compressor system was installed. At a minimal investment of 135,000 USD, we are seeing a 87 USD/day energy savings and a reduction of 365,000 kWh annually.



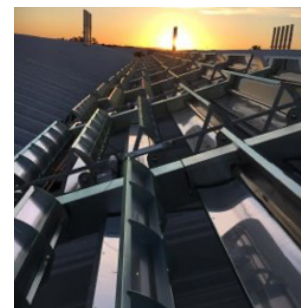
## Greenhouse Gas Emissions

KEMET’s products are moving the world towards a more renewable, cleaner powered future. At the center of this movement is the fight against climate change and in 2019 we accelerated our internal initiatives to reduce our greenhouse gas footprint. Of note, **we saw a 13% reduction in absolute carbon emissions from our direct operations and an 11% reduction in absolute carbon emissions from our indirect operations** (purchased electricity) from CY2018 to CY2019, **exceeding our goal of 3%** per year. Looking to the future, we plan to use climate-related scenario analysis to help us understand and chart a sustainable path towards reducing our company’s overall carbon footprint in line with climate science. Using this process, we hope to set new Science-Based Targets for our carbon emissions in the next few years.



## SOLAR THERMAL SYSTEMS – SUSTAINABILITY IN FOCUS

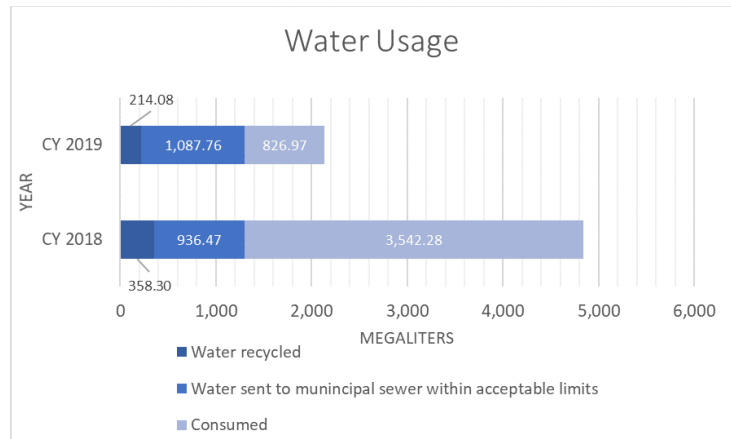
At our Évora, Portugal facility, a Solar Heat for Industrial Process (SHIP) system was installed and is generating heat for our electrolytics manufacturing processes. We have installed forty SHIP modules. Each module is 4.2 meters x 2.3 meters and weighs 255 kg including thermal fluid and we have completed the installation of approximately 92 linear meters of these modules on the Évora facility roof. With this SHIP solar thermal technology, it is possible to reach 200°C at the heat-exchanger and produce steam using its thermal fluid piping. We have now reduced two percent (2%) of the total facility electricity consumption used to reach the temperature required for the electrolyte batch preparation. Further, using the SHIP system, we have reduced the total facility electricity consumption required to maintain continuous 70°C at the hot water process by five percent (5%). The utilization of SHIP will reduce KEMET’s carbon footprint by 32.3 tons/year. The efficiency of this system is the result of its ability to store thermal energy for use at night when there is no solar energy available. This is one more step at our Évora, Portugal facility toward more green and renewable energy sources.



# ENVIRONMENTAL, HEALTH, AND SAFETY (cont.)

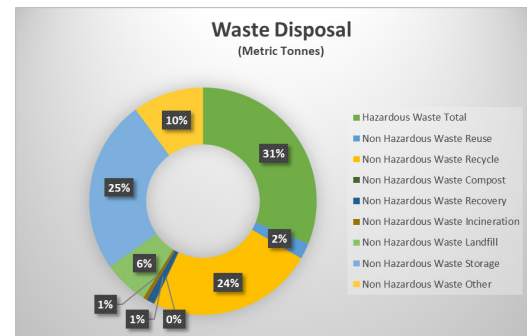
## Water Use

Maintaining a clean, high-quality supply of freshwater is a vital component of our manufacturing processes. We educate our employees on the importance of water efficiency and the actions necessary to support this. We make every effort to minimize water use at our manufacturing facilities and return as much water as possible to the local watersheds. Over the past year, we have **reduced our overall water consumption by 43%** across our portfolio of global facilities through the application of these innovative water efficiency solutions. Beyond that, we have strict guidelines to ensure that the quality of the water we discharge meets or exceeds any quality requirements of local regulatory frameworks.



## Waste Disposal

Efficiency is a core tenet of KEMET's culture, and we are constantly working to reduce waste in our operations by implementing recycling efforts throughout the company. We currently recycle 26% of our non-hazardous waste across all our global facilities, and we will be looking to implement circular solutions within our manufacturing facilities to yield further reductions in our waste production and deliver more sustainable products to our customers in the coming years.



### GREEN PACKAGING – SUSTAINABILITY IN FOCUS

As part of our circular economy, we are taking measures to address our product packaging and shipping materials. Our supply chain team continues to work with KEMET's logistics and packaging suppliers to drive improvements in the materials we use to package and ship our products. To reduce the use of disposable materials, we are shifting to environmentally conscious packaging materials, including the use of biodegradable and recyclable alternatives. We are also working to optimize our packaging process by increasing the volumetric efficiency, reducing packaging material usage, and therefore reducing Greenhouse Gas emissions resulting from unnecessary extra shipments and excess weight. We have already seen a sixty-three percent (63%) reduction in our use of plastic in packaging materials.



**Recycled fillers**

**Thinner, stretchable film**

**Biodegradable tapes, envelopes, and labels**

**63%**

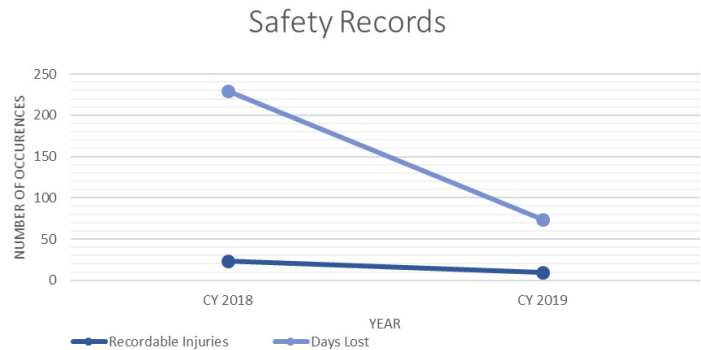
reduction in use of plastic in packaging material



# ENVIRONMENTAL, HEALTH, AND SAFETY (cont.)

## Health and Safety

At KEMET, we are committed to keeping our employees healthy and safe. We strive to continuously improve our health and safety practices by communicating and providing our employees with appropriate training tools and resources. We employ a Facilities, Environmental, Health and Safety (EHS) Management System based on the ISO 14001:2015 International Standard that is implemented in all our manufacturing facilities. In 2019, 100% of KEMET's manufacturing facilities worldwide became ISO 14001:2015 certified. Our continuous commitment to health and safety helped reduce our Recordable Injuries and Days Lost across our global operations by over 50% from 2018 to 2019.



## EMPLOYEE HEALTH – SUSTAINABILITY IN FOCUS

To ensure the health and safety of our employees, KEMET conducts various health screenings at all facilities globally. Our Xiamen, China facility conducted on-site screenings of each employee, including a general physical examination, laboratory tests, chest X-ray, color doppler ultrasound, and electrocardiograms.



Additionally, we require our suppliers to complete a self-assessment, which includes a Social Responsibility and Environmental section focused on ISO 14001 certification, energy consumption, and greenhouse gas emissions. Our Sustainability Council and our Senior VP – Quality, Chief Compliance Officer, and Chief of Staff provide direction and focus in support of our EHS program.

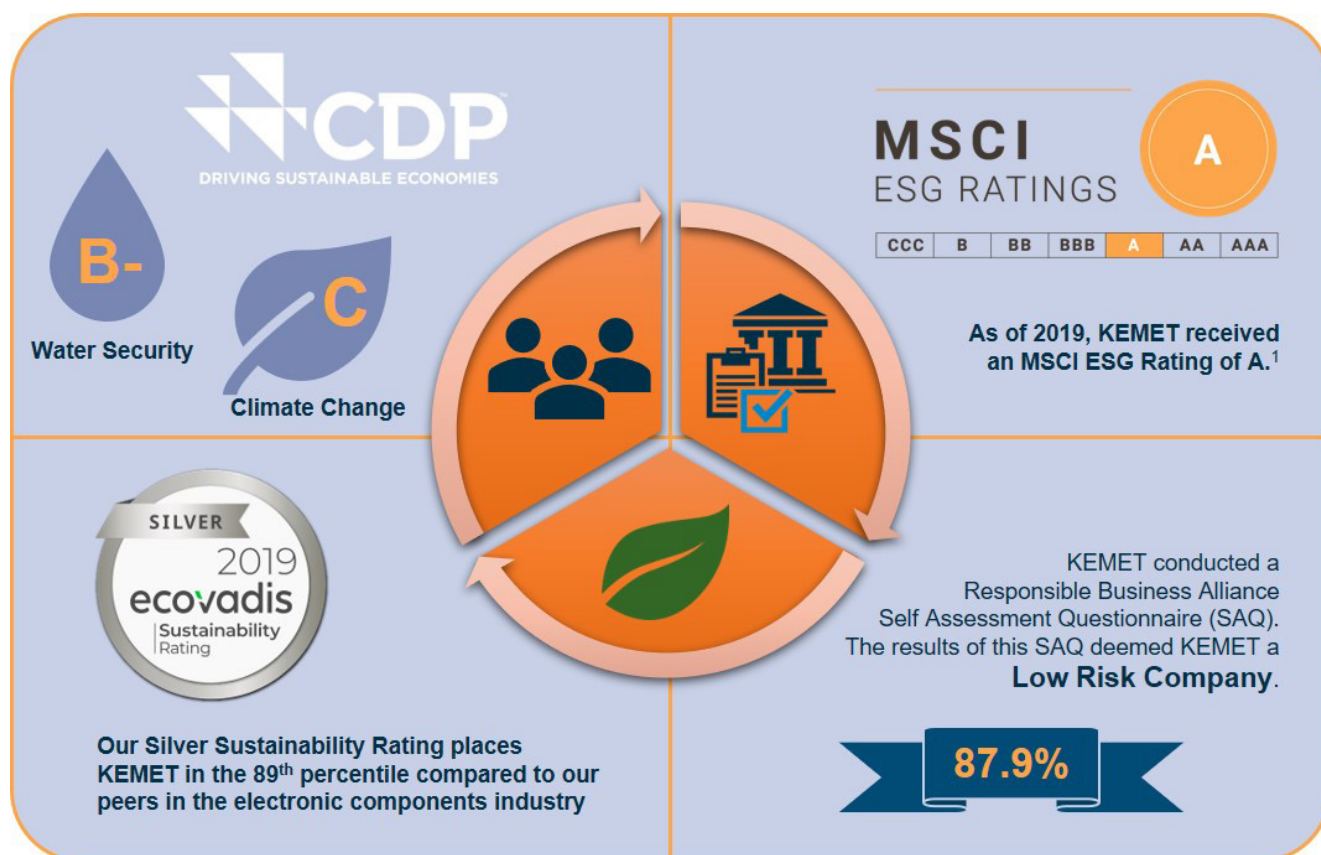
We are focused on building our business to achieve both business objectives and sustainability goals. As a result, we've driven efficiency improvements throughout the organization, scaled back our manufacturing footprint and developed more cost-efficient manufacturing equipment and processes.

# ENVIRONMENTAL, HEALTH, AND SAFETY (cont.)

## Awards and Recognition

KEMET participated in numerous third-party environmental, social and governance assessments during 2019. Of note, KEMET released its first publicly available scores with the Carbon Disclosure Product (CDP) and achieved great improvement over prior years.

An overall CDP Score of B- for Water Security indicates our management team is taking coordinated action on water issues. This score was consistent with the Global Average and Electrical & Electronic equipment industry performance as reported by CDP. KEMET was determined by CDP as knowledgeable of impacts on, and of, climate change issues resulting in a C score which was also consistent with the Global Average, our electronics industry peers, and among only thirty-one percent of companies that achieved this score.<sup>1</sup>



### 1. DISCLAIMER STATEMENT

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# PRODUCT INNOVATION

## Specialty Products

At KEMET, we have found that time and again we can do well as a business by doing good – for our customers and the environment. By allocating an increasing portion of our research and development funding to investment in specialty products, we have established ourselves as one of the leading innovators in the renewable energy market. Unlike commercial and consumer prices where prices and demand can swing wildly, the renewable energy sources and green technologies are universally projected to grow. It is not a matter of if, but when. We are proud to say that our products are used in nearly all of the technologies supporting renewables – everything from smart grids, solar power and wind energy generation, to geothermal and tidal generation systems, and even in electric vehicles.

Today, KEMET centers its research and development in multiple Innovation Centers in the United States, Japan, Italy, and Portugal. The entire program is organized through the Advanced Technology Group (ATG), which collaborates with academic institutions on research into fundamental issues in passive electronic components. The ATG is fundamental to what Chief Technology Officer Philip Lessner, Ph.D. has called “the process of invention and reinvention” that has enabled the company to thrive at the cutting edge of scientific development.

## Fueling Our Growth

Investments FY19



## Minimizing our impact through product sustainability

We have taken steps to integrate environmental considerations into the design of our products to minimize environmental impacts by addressing how to improve our product efficiency consuming less resources, improving size and capability performance rate.

In the same way cities have high-rises and skyscrapers, stacking ceramic capacitors on top of each other is a way to solve the problem of tight spaces. In the digital age, because of the increasing miniaturization of electronic devices and the requirements for smaller electronic components with more capabilities, a smaller footprint on a circuit board is critical. Traditionally, components are stacked on top of each other to conserve space and to hold them in place, using metal beds – or lead frames. However, lead frames are costly and introduce power loss. Our engineers needed a low loss, low inductance package capable of handling high temperatures and high power, while taking up a very small footprint on the board. KEMET KONNEKT™ was born out of this necessity.

Our patented KONNEKT™ technology allows two or more ceramic capacitors to be stacked vertically without using any metal strips on the sides. This technology is like a special type of glue that can withstand high heat. In addition to this innovation of creating these leadless ceramic stacks, our engineers also developed a new, low-loss dielectric called U2J. KEMET's proprietary technology uses a special sintering process to bond the U2J capacitors on top of each other, optimizing capacitance while saving space and minimizing power loss.

### KONNEKT™ U2J Multilayer Ceramic Chip Capacitor (MLCC)

KEMET's surface mount (SMD) capacitor is designed for high-efficiency and high-density power applications.

KEMET's KONNEKT utilizes an innovative transient liquid phase sintering (TLPS) material to create a leadless multi-chip solution. KONNEKT enables a low-loss, low-inductance package capable of handling extremely high ripple currents in the hundreds of kilohertz (kHz) when combined with KEMET's ultra-stable U2J dielectric.



The U2J KONNEKT capacitor can be mounted in a low-loss orientation to further increase its power handling capability. Wide bandgap (WBG) silicon carbide (SiC) and gallium nitride (GaN) semiconductor systems, and data centers utilizing switched tank converters are typical applications.

Our film and aluminum electrolytic capacitors are already used in solar converters, wind generators, trains, hybrid vehicles, power supplies, and other crucial automotive and industrial applications. Our highly sensitive current sensors rely on patented magnetic alloys used for monitoring home energy management systems (HEMS). Our metal composite reactors that are integrally molded using KEMET's unique technology optimize the performance of boost inverters in hybrid vehicles. Our KC-LINK™ ceramic capacitor is designed for use with more efficient, wide band gap semiconductors, operate at the high frequencies and extreme temperatures required in high-power applications, including solar panels and wind turbines. KEMET's miniature KO-CAP® and ceramics will be key components in future generations of vehicles equipped with Simultaneous Localization and Mapping (SLAM) and other advanced driver-assistance systems.

# PRODUCT INNOVATION (cont.)

## ELECTRIFICATION IN AUTOMOTIVE – SUSTAINABILITY IN FOCUS

At KEMET, we understand that promoting vehicle electrification is an essential part of curbing greenhouse gas emissions. Our DC-Link capacitors form an essential stage in power conversion for many applications, including three-phase Pulse Width Modulation (PWM) inverters, industrial motor drives, and automotive onboard chargers and inverters that are helping drive the electrification of auto industry. The PWM inverter converts battery power to drive the motor, and our DC-Link capacitor is key to this design.



### FILM CAPACITORS

Leading global supplier of DC-Link capacitors for EVs

Trusted supplier for automotive, industrial and alternative energy customers

#### Extensive portfolio:

- Alternative energy systems and power conversion
- Electrification in automotive



### AREAS OF FOCUS



Automotive

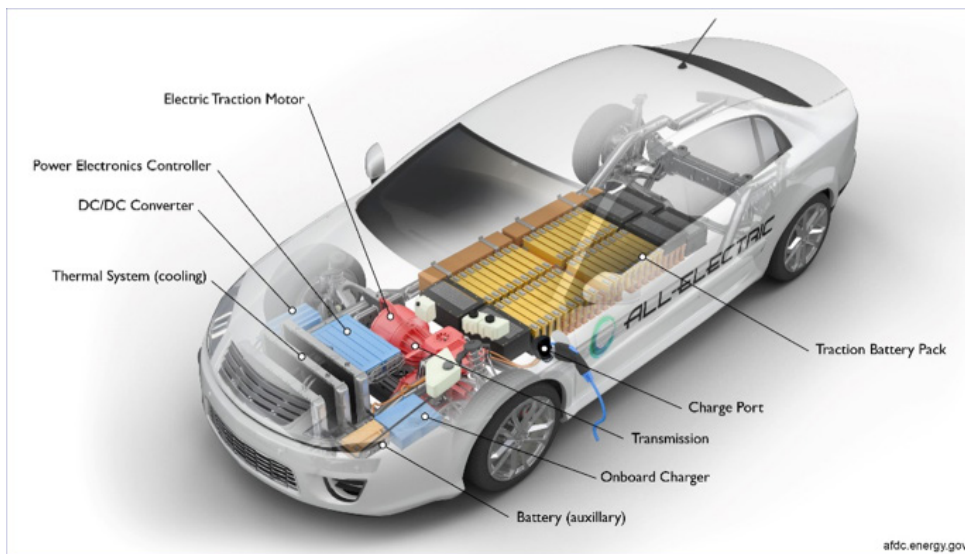


Alternative Energy



Industrial

### THE ANATOMY OF AN EV AUTOMOBILE



And it isn't just our capacitor technologies positioned to make an impact in green technology. Our magnetics and inductor offerings also have a space. Our material science excellence extends to our magnetics portfolio where we develop technologies with very high permeability. Such a capability allows us to capture magnetic energy that would otherwise be lost to waste heat or cause unwanted electromagnetic radiation.

## PRODUCT INNOVATION (cont.)

### Restricted Substance Management

Electronic waste is a major concern for the sustainability of our planet. Although KEMET does not produce electrical and electronic equipment, our products perform critical functions in these devices. The use of restricted substances in the manufacturing process, as well as product content, is highly scrutinized and controlled by various public and private interests. Integrated within our Quality Management System (QMS) are extensive new product development and product change control processes that contain a multi-disciplinary approach to the management of projects, including project leadership and participation, process phases, deliverables (outputs), and approvals.

#### MATERIAL TRANSPARENCY – SUSTAINABILITY IN FOCUS

During our New Product Platform Development (NPD) process referred to as Phase Gate, phase leaders and team members review various cross-functional requirements including a complete assessment of environmental, health and safety concerns. Specifically, full material composition data of the proposed new product is reviewed against restricted substances regulations and customer requirements. The proposed new product is also evaluated for conflict minerals content, health and safety impacts, environmental impacts, and overall quality planning and assurance.



Special attention to environmental, health and safety impacts is made in our Product, Process, Material, and Equipment Change Control (Change Control Process) procedures. A multi-disciplinary team of project leaders and team members are organized to evaluate the impacts and risks related to a change to a product, process, material, or equipment. Environmental, health and safety impact assessments are conducted during the Change Control Process. The assessments include a review of material composition data against restricted substances regulations and industry and customer requirements, as well as analysis of any potential risks to health, safety, or the environment.

Through our Sustainability Council, KEMET monitors and communicates the changing landscape of restricted substances regulations. Our monitoring incorporates the use of third-party providers for daily environmental compliance notifications and quarterly restricted materials update presentations. KEMET operates multiple laboratories within our facilities that provide for restricted substances testing capabilities.

We also engage accredited, external third-party laboratories to independently test our products and materials for substances controlled by various governmental regulations.

In 2019, KEMET participated in hazardous substance and social responsibility audits by customers in certain facilities to validate our overall sustainability program. Likewise, we performed hazardous substance and social responsibility audits of certain suppliers to ensure compliance with our supply chain requirements in support of our program. KEMET manufactures a limited number of products that contain lead by design and as required for high-reliability applications, such as military and aerospace.

Communication plays a key role in our restricted substance management. Regulations which are of particular focus in our industry are EU Directive 2015/863 Restriction on Hazardous Substances (RoHS), Regulation (EC) 1907/2006 Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), and California's Safe Drinking Water and Toxic Enforcement Act of 1986 (Prop 65). KEMET's publicly available website contains compliance information and certificates related to these regulations.



# PEOPLE AND PLACES

## Employee Empowerment

KEMET firmly believes that it is in the mutual interest of our employees, our customers, and our suppliers to meet the present and future requirements of the markets and society. This is accomplished by demonstrating responsibility for the people taking part in the manufacture of the products and services that make KEMET a global leader within our industry. Employee safety is one of KEMET's highest priorities. Careful concern for health and safety issues is both good for employees and good for the company. Each employee receives safety training tailored to the work they perform. KEMET employees have the right and responsibility to report anything they observe or hear about that could endanger others.



Our Human Resources teams are continually providing training at our facilities around KEMET's Global Code of Conduct, our positions on diversity and inclusion, and our anti-harassment and anti-bullying policies. On October 15, 2019, our Victoria, Mexico plant hosted C.P. Ma. Esthela Chavira Martínezwe, Secretary of Labor for the State of Tamaulipas, Mexico. Also in attendance was the Leader

of the Maquiladora Union, as well as KEMET's Human Resources and operations employees. This "Dialogues for Conciliation and Labor Peace" conference included the topics of labor justice, Democracy at work, collective agreements, elimination of extortions, in addition to discussions related to the creation of the Federal Conciliation Center and the Labor Registry. The objective of this conference was to provide clear information for unionized workers resulting from modifications of Article 123 of the Constitution of Mexico and reforms of the Federal Labor Law, most notably the relating to Mexico's ratification of Convention 98 of the International Labor Organization ("ILO") regarding Right to Organize and Collective Bargaining.

**Every year in October, KEMET celebrates National Customer Service Week. Our Inside Sales & Service teams worldwide participate in numerous events designed to boost motivation, develop interpersonal skills, encourage teamwork, and ensure personal and mental health while providing the ultimate customer satisfaction experience.**

## FOSTERING A LEARNING CULTURE – SUSTAINABILITY IN FOCUS



Our Fort Lauderdale, Florida facility has developed a "Let's Lunch and Learn" initiative for developing team relationships and sharing a perspective, hobby or passion. These events are held monthly and have included workshops on interpersonal skills, building relationships, greeting enthusiastically, and active listening. KEMET values a "Culture of Learning" and supports many initiatives like this globally.

## Diversity at KEMET

As of December 2019, 54% of our total workforce was female. Women represented 13% of our senior management which is defined as our Leadership Team and Board of Directors. While our Leadership Team is inclusive and diverse representing the nationalities of our global operations, we are aiming to increase the percentage of women in senior management in the coming years. In March 2019, we celebrated International Women's Day, sharing in our gender diversity globally.



Above from top to bottom presenting at our Global Supplier Conference: Susan Barkal, Senior Vice President – Quality, Chief Compliance Officer and Chief of Staff; Mary Carter-Barrios, Senior Director – Global Quality Systems; Connie Fischer – Senior Quality Director, Tantalum.

# PEOPLE AND PLACES (cont.)

## SUPPORTING WOMEN IN OUR COMMUNITIES – SUSTAINABILITY IN FOCUS



Susan Barkal, our Senior Vice President – Quality, Chief Compliance Officer, and Chief of Staff was a presenter at the U.S. Department of State’s Women’s Empowerment: Minerals, Responsible Sourcing, and the Jewelry Supply Chain Conference in August 2019. As part of the panel discussion “Concerns in the Gem and Mineral Sector: Important Case Studies,” Susan discussed tantalum mining operations in the DRC and the importance of responsible sourcing in the region by sharing one of KEMET’s greatest success stories. KEMET has and continues to be an industry leader in the responsible sourcing of minerals in the Democratic Republic of Congo (DRC), including our development of the Partnership for Social and Economic Sustainability in a small tantalum mining village called Kisengo in the conflict-free province of Katanga in southeastern DRC. We also helped establish the Kisengo Foundation, which funded the construction of a hospital, a school, freshwater wells, solar lighting, and infrastructure improvements with the aim of improving the lives of women and their families in this region.



KEMET remains a key board member and funder of the foundation with the goal of empowering and transforming lives in this remote village. During 2019, the Kisengo hospital treated over 7,000 cases including 553 prenatal consultations and 188 new born deliveries. Additional solar panels to support electricity for this remote hospital are planned for 2020. To advance progress through education the “Plugged In” campaign provided computer training in the school. Projects related to agriculture and water chlorination remained a focus in 2019.



Plugged In - Kisengo School



Kisengo Hospital



## PEOPLE AND PLACES (cont.)

### Employee Wellness

We understand that our continued success depends on our employees and we strive to make KEMET a great place to work, every day. Through a range of employee engagement initiatives and programs, we encourage employee wellbeing and foster a culture of inclusion. Numerous employee health and wellness events were held worldwide. Here are some of our favorites.

William M. Lowe, Jr., CEO, Bob Willoughby, SVP – Ceramics Business Group, Cory Riedl, VP – Ceramics Operations, and Susan Barkal, SVP – Quality, Chief Compliance Officer, and Chief of Staff, visited our Monterrey, Mexico facilities in September 2019 to evaluate expansion progress and celebrate our 100 year anniversary with the local teams. During the weekend of celebrations, these leaders joined the employees and their families for an excellent, outdoor family fun day at the iconic Fundidora Park in Monterrey, including a 100 Year 1K/5K/10K Race. Many Mexican employees belong to our local, company-supported KEMET Runners club participating in many local races.





## PEOPLE AND PLACES (cont.)

Our Suzhou, China team held a “Season of Sports,” including football matches, archery competitions, and even participation in the 2019 Dongsha Lake Fire Fighting Competition. Activities such as these not only increase physical and mental health, they also encourage teamwork and team building.



## PEOPLE AND PLACES (cont.)

Our KEMET Mexico facilities participated in Breast Cancer Awareness Month. A presentation was made on the importance of early and timely detection. A mobile mammogram unit was also brought to our facilities and 116 employees received their evaluation for cancer detection on-site.



### Community Engagement & Volunteering

We think it's important to give back to the communities where we live and work, so we support employees in their volunteering efforts. We continuously engage our employees to support our communities by providing volunteer opportunities to help address local and global concerns.

During the 2019, employees from Thailand organized a collection of aluminum pull-tabs for donation to the Prosthesis Foundation of H.R.H the Princess Mother. Pull-tabs are collected from all over the country and melted down by a recycling factory. This Foundation uses the recycled materials to produce prosthetics for disadvantaged people. 3,000 tabs are required to manufacture one prosthetic leg.



In honor of World Blood Donor Day, June 14, 2019, our Batam, Indonesia, Anting, China, and Suzhou, China plants organized voluntary blood donation activities. Over 130 employees participated and a total of 25,100 units of blood were collected!

# PEOPLE AND PLACES (cont.)

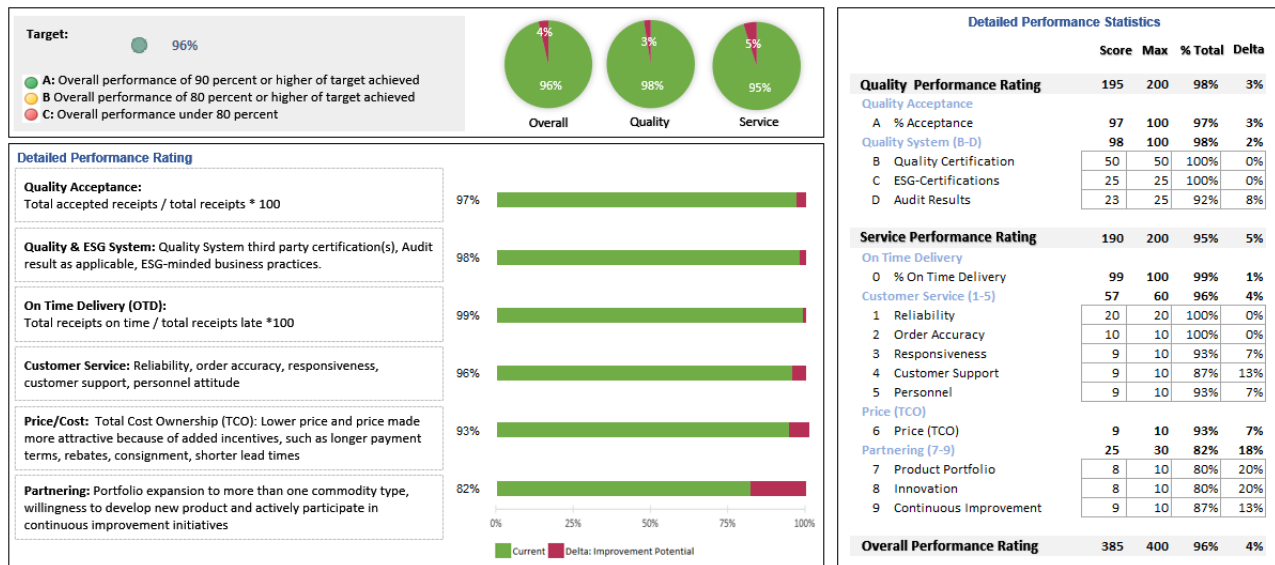
## Supply-Chain Management

KEMET's Supplier Quality Procedures (SQPs) ensure the procurement of high-quality materials from only approved suppliers. Our suppliers are required to complete an extensive on-boarding process which includes a series of assessments based on supplier classification and the materials or services to be acquired. These assessments may include topics related to financial performance, supplier quality management systems, social and environmental responsibility, and responsible minerals sourcing data.

In addition to the approval process, suppliers must acknowledge and commit to adhering to KEMET's requirements for suppliers, our Purchase Order Terms and Conditions, and often a formal agreement. KEMET requires suppliers to comply with the RBA Code of Conduct, maintain a quality management system certified to ISO 9001 and/or IATF 16949, have a mature environmental, health and safety system compliant to regulatory requirements and industry standards such as ISO 14001, maintain an appropriate import and export compliance security program, and participate in conflict minerals due diligence practices when materials to be provided contain tin, tantalum, tungsten, or gold.

### SUPPLIER MONITORING SYSTEM – SUSTAINABILITY IN FOCUS

To bolster conformance to our SQPs, we utilize our Supplier Rating System. This Supplier Rating System is a comprehensive method that includes the measuring and rating of variables such as supplier quality, on-time delivery, customer service, price-cost, partnering, and environmental, social and governance practices. Each variable carries a specific weight under the System. The supplier's annual rating, or Supplier Scorecard as shown below, is communicated to each supplier and, as applicable, a corrective action plan is required in order to improve supplier performance and continue the business relationship.



In January 2019, we invited suppliers to attend our Global Supplier Conference where we presented on numerous topics related to quality and compliance expectations. We detailed our long-term quality strategy focusing on prevention – robust containment systems, high product and process capability, and connected quality systems. Emphasis was placed on supplier quality development programs, including our Quality Improvement Program, Supplier Continuous Improvement Program, and overall performance expectations. Our Senior Vice President – Quality, Chief Compliance Officer and Chief of Staff specifically addressed the importance of KEMET's Global Code of Conduct and mandatory supplier compliance with the RBA Code of Conduct.



## PEOPLE AND PLACES (cont.)

As the world's largest user of tantalum, KEMET took an early leadership position in the industry on the issue of obtaining certified conflict-free minerals. As part of our commitment to corporate social responsibility, it is our goal to source conflict minerals (tin, tantalum, tungsten, and gold) in a manner which will not directly or indirectly finance or benefit armed groups in the Democratic Republic of Congo and its adjoining countries, or in any region determined to be a conflict-affected and high-risk area (CAHRA) as defined in the Organization for Economic Co-operation and Development Due Diligence Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance), which include any entities therein. As part of our management systems, KEMET has adopted the OECD Guidance and will implement, where appropriate, the five-step framework for risk-based due diligence in the mineral supply chain including Annex II found in the OECD Guidance. We are members the Responsible Minerals Initiative (RMI), as well as the Public Private Alliance for Responsible Minerals Trade (PPA). The PPA is a multi-sector initiative between leaders in civil society, industry, and the U.S. government that supports projects in the DRC and the surrounding Great Lakes Region of Central Africa (GLR) that improve the due diligence and governance systems needed for ethical supply chains.

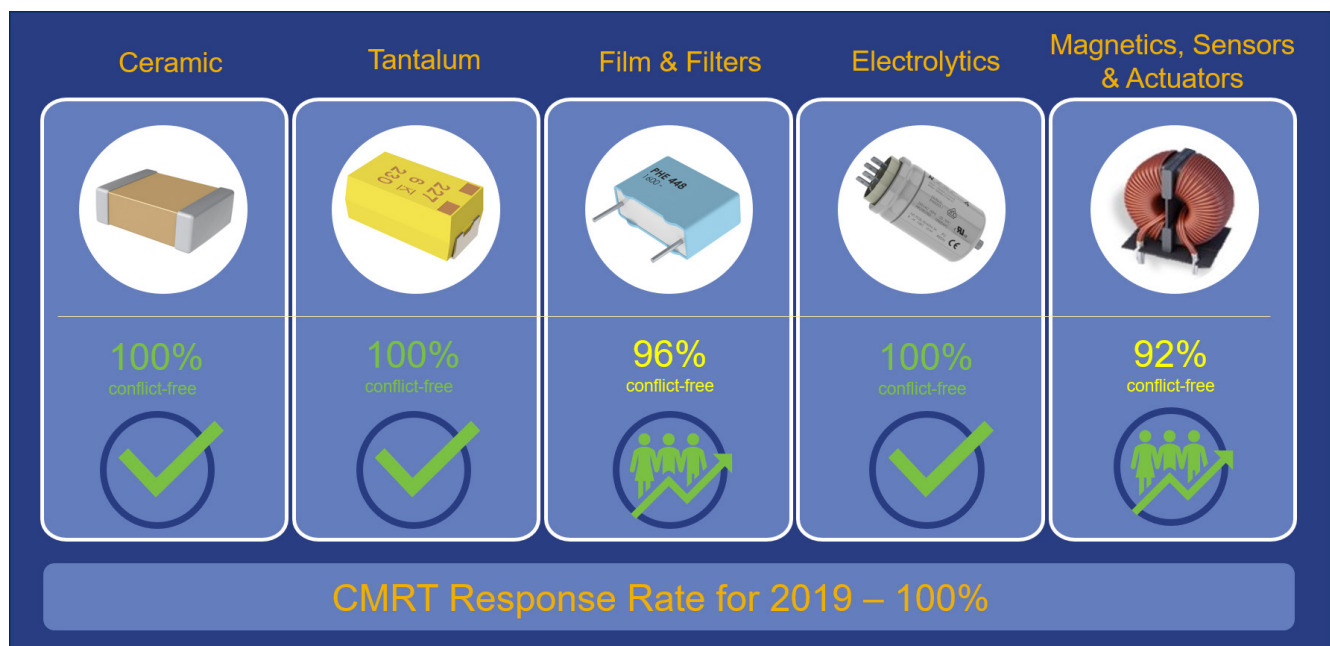
### CIRCULAR ECONOMY – SUSTAINABILITY IN FOCUS

In 2019, KEMET took another bold step towards developing a more sustainable and circular economy by producing capacitors with 100% recycled tantalum. We received independent, third-party Environmental Claim Validation (ECV) certificates declaring our capability to build a tantalum capacitor with 100% recycled tantalum materials. While the global supply of recyclable material cannot meet the current demand for our products, we believe this is an important first step in building a more sustainable future. We invite you to view our ECV certificates at <https://spot.ul.com/>.



KEMET is in the unique position of being both an upstream supplier and a downstream purchaser of tantalum. As such, all KEMET's smelting and refining operations have been validated as conformant to the Responsible Minerals Assurance Program (RMAP), an independent third-party audit process administered by RMI. KEMET additionally relies on RMAP to supplement our internal due diligence of all conflict mineral suppliers. Our Supply Chain Policy requires suppliers of materials containing tin, tantalum, tungsten, and gold to source materials from smelters or refiners validated conformant to the RMAP standards. Since the inception of the U.S. Securities and Exchange Commission (SEC) conflict minerals reporting rules in 2013, KEMET is one of only four companies that have undergone an Independent Private Sector Audit of our Specialized Disclosure - Conflict Minerals Report (CMR) to the SEC every year. Our CMR is publicly available on [www.kemet.com](http://www.kemet.com).

We are proud to report key results of supplier conformance to KEMET's Supply Chain Policy during 2019 as below. Notably, we had a 100% supplier Conflict Minerals Reporting Template (CMRT) response rate from suppliers to our major product offerings.



# ON THE HORIZON

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## Looking Forward

We took a big step in 2019 by integrating climate change into our risk management strategy and will be looking to build upon it in 2020 by factoring climate change into additional areas of our business per the TCFD recommendations. We are committed to enhancing our reporting process around these recommendations and setting clear sustainability goals and targets to achieve improvements during 2020 and beyond.

**While we've taken significant steps in reducing our carbon, water, and waste footprints across our organization globally, we understand that there is still significant work to be done. During 2020, we expect to identify the primary drivers of our operational impact on the environment and will endeavor to drive consequential reductions to our overall footprint.**

Through both internal and external, third-party environmental, social and governance evaluations, we continue to benchmark our company against key industry competitors and customers to determine our sustainability performance. This information has and will be used to align our sustainability efforts with those of the industry in 2020. We will continue to monitor our sustainability efforts for alignment with the United Nations Sustainable Development Goals (UN SDGs), as well as other environmental, social and governance benchmarking standards in order to determine areas where our sustainability efforts can make an impact.

**The future of innovation and sustainability at KEMET is electrifying.**

While there is no telling precisely what it will bring, one thing is certain: KEMET employees will continue to dedicate themselves to solving the world's most pressing scientific and environmental challenges, while KEMET products and solutions will power the technologies and industries of tomorrow.



# APPENDIX A

## Key Performance Indicators

Environmental Data	Units	2019*	2018*
<b>Energy Consumption</b>			
<b>Fuel Consumption</b>			
Diesel	MWh	-	-
Coal	MWh	-	-
Renewable	MWh	-	-
Natural Gas	MWh	70,470	77,028
Other (Liquid Propane)	MWh	18,846	27,395
Other (Fuel Oil)	MWh	10,979	13,890
Electricity Consumption	MWh	383,156	435,110
<b>Total</b>	<b>MWh</b>	<b>483,452</b>	<b>553,423</b>
<b>Greenhouse Gas Emissions</b>			
Direct (Scope 1)	metric tons CO2e	19,874	24,523
Indirect (Scope 2)	metric tons CO2e	186,803	211,534
Indirect (Scope 3)	metric tons CO2e	-	-
<b>Total</b>	<b>metric tons CO2e</b>	<b>206,677</b>	<b>236,057</b>
Greenhouse Gas Emissions Intensity (Scope 1 and 2)**	metric tons CO2e / \$M revenue	156	171
<b>Waste Disposal</b>			
Non-Hazardous	metric tons	33,692	809,594
Hazardous	metric tons	15,210	94,704
<b>Total</b>	<b>metric tons</b>	<b>48,901</b>	<b>904,298</b>
<b>Waste Streams</b>			
Total Incinerated	metric tons	275	545
Total Landfill	metric tons	3,145	72,765
Total Recycled	metric tons	11,564	301,282
Total Reuse	metric tons	1,129	407
Composting	metric tons	62	3
Total Energy Recovery	metric tons	514	35,718
Onsite Storage	metric tons	12,071	398,632
Other	metric tons	4,931	243
<b>Water Withdrawal</b>			
Total	megaliters/year	1,915	4,505
<b>Spills and Discharges</b>			
Reportable Environmental Incident Rate	# per 200,000 hours worked	0	0
<b>Social Data</b>			
<b>Employee Hours</b>			
Total Number of Hours Worked	hours	28,915,000	31,229,000
<b>Injuries and Process Safety Incidents</b>			
Total Lost-Time Accidents	#	6	6
Days Away, Restricted, and Transferred (DART)	# per 200,000 hours worked	0.042	0.038
<b>Governance Data</b>			
Revenue	\$ in millions	1,323	1,383
Employees Worldwide at Year-end, approximate	#	14,478	15,615

\* Note that the reporting period changed from fiscal year in 2018 (April 1, 2018 to March 31, 2019) to calendar year in 2019 (January 1, 2019 to December 31, 2019)

\*\* Scope 3 emissions were not calculated for this reporting period

# APPENDIX B

## SASB Alignment

We have reported select accounting metrics in the table below from the SASB standard specific to our primary industry as identified by the Sustainable Industry Classification System® (SICS®): Extractives & Minerals Processing Sector –Metals & Mining Sustainability Accounting Standard (October 2018). We have also reported accounting metrics from the Technology & Communications Sector - Electronic Manufacturing Services & Original Design Manufacturing Standard (October 2018) as appropriate. For clarification, SASB Codes have been provided: EM-MM – Metals & Mining; TC-ES – Electronic Manufacturing Services & Original Design Manufacturing.

SASB Code	Accounting Metric	Unit	2019	2018
<b>Greenhouse Gas Emissions</b>				
EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Metric tons (t) CO2e	19,874	24,523
EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets: Further discussion is provided in the above section, Greenhouse Gas Emissions.			
<b>Biodiversity Impacts</b>				
EM-MM-160a.1	Description of environmental management policies and practices for active sites: KEMET provides discussion for environmental management practices on our website under the Facilities, Environmental, Health & Safety Policy section.			
<b>Security, Human Rights &amp; Rights of Indigenous Peoples</b>				
EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict: Engagement processes and due diligence can be found in the above section, People and Places.			
<b>Community Relations</b>				
EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests: KEMET's management of risks and opportunities can be found on our website under our Human Rights Policy section.			
<b>Business Ethics and Transparency</b>				
EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain: A discussion of KEMET's corruption and bribery prevention policies can be found in our Global Code of Conduct on pages 14-15.			
<b>Water Management</b>				
TC-ES-140a.1	(1) Total water withdrawn,	Thousand cubic meters (m3)	1,915	4,479
	(2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress		613	3,542
<b>Waste Management</b>				
TC-ES-150a.1	Amount of hazardous waste from manufacturing, percentage recycled	Metric tons (t)	15,210	301,282
<b>Materials Sourcing</b>				
TC-ES-440a.1	Description of the management of risks associated with the use of critical materials: A discussion on critical material risk management can be found in the above section, Restricted Substance Management.			