



The Timken Company

# Corporate Social Responsibility Report

2019

**“Engineering, as a discipline, provides us with the tools and thinking we need to help build a world that is both more efficient and more resilient.”**

## Dear Stakeholders,

We are publishing this 2019 corporate social responsibility (CSR) report at a time when COVID-19 and social strife have changed our personal and shared experiences greatly. During this time, we have prioritized the health and safety of our associates and other stakeholders while serving our customers to support essential industries. What we're experiencing underscores the need for sustainable solutions.

Throughout our history, The Timken Company has been a key contributor to a well-functioning world – from reliable transportation to secure food production to renewable energy. Greater efficiency and sustainability have been at the core of our innovations, all informed by the collective intelligence and experiences our global team of associates brings to work every day.

We are honored to have contributed many advancements to our communities and seek to continue to expand the impact we make around the world as a responsible global corporate citizen. Our ability to adapt to a changing world is more critical than ever, and as an engineering-focused organization, we are well equipped to do so.

Engineering, as a discipline, provides us with the tools and thinking we need to help build a world that is both more efficient and more resilient.

In 2019, we furthered our commitment to being transparent and accountable, measuring the progress we have made for the planet and people, and determining where we need to focus our efforts.

Our values of ethics and integrity, quality, teamwork and excellence are stronger than ever. How we live these commitments will evolve and we are eager to address the challenges ahead.

On behalf of company leadership and the Board of Directors, I thank our associates for their ongoing commitment to our shared future and our stakeholders for their continued confidence in our company.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Kyle', written in a cursive style.

Richard G. Kyle  
President and Chief Executive Officer



# Our Point of View

## Inspired by Engineering and Systems Thinking

In keeping with our engineering culture, we view CSR as an interdependent system of efforts that combine to improve the lives of individuals and communities, benefit the planet and strengthen our business.

Our products, services and actions are the result of diverse perspectives and thought leadership, both of which inform the way we collaborate and innovate. We know that positive results and measurable impact are best achieved when we leverage the power of our collective expertise – whether by harnessing energy in new ways, exploring Mars more expansively or teaching the next generation of engineers.

In 2019, we made a commitment to report annually on our progress as a corporate citizen. We are proud of the advancements we made in our first year, and we know we have more to do in order to respond to the unprecedented rate of change we are all experiencing.

Going forward, we will measure and advance all our initiatives against the following three focus areas – to grow knowledge, to advance sustainability and to promote leadership. These areas are fully aligned with our core competency as a global industrial leader and our goal to help build a world that is both more efficient and more resilient.

# Grow Knowledge

Our more than 17,000 associates and their collective knowledge are our most valuable resources. We continuously invest in growing our global team as they develop innovative technologies that have the potential to help change the world. To advance their skills and expertise, we provide professional development and training opportunities, including Timken University, our Manufacturing Academy, our Sales and Engineering Academy and our Operations Development Program.

We also continually strive to create a work environment that is reflective of our customers and communities worldwide. To further our goal of diversity and inclusion, we encourage associates to listen to and learn from each other in informal and formal forums, including multiple Associate Resource Groups.

## CURRENT INITIATIVES DESIGNED TO GROW KNOWLEDGE

Investing in associate education, training and development programs to support a culture of learning

Enhancing diversity and inclusion initiatives to encourage global, diverse viewpoints

Deploying comprehensive employee surveys to inform efforts that increase associate engagement and satisfaction

Rewarding associates with strong wages and competitive benefits to recognize professional excellence and career progression

## EVOLVING OUR INITIATIVES: 2020 FOCUS

Reviewing our hiring practices and improving our efforts to hire and retain diverse talent

Implementing organizational diversity and inclusion training for managers

Listening to the feedback of our associates through a COVID-19-focused engagement survey

# Advance Sustainability

Greater sustainability is core to our operations and our product innovations. We increase the efficiency of machinery and equipment and enable new clean energy technologies for our global customer base. In addition to the work we do to provide sustainable solutions to others, we are also looking inward to reduce our own environmental footprint. Our corporate longevity and the various end-uses for our products, from reliable transportation to renewable energy production and secure food production, demonstrate how we help sustain a well-functioning world. Sustainability also includes our support for the health and safety of our associates and the communities where they work.

Advancing sustainability means that we establish policies and protocols to address work-related and global threats, such as COVID-19. It also means we are continuously diversifying and investing in new, future-focused markets, such as renewable energy and robotics and automation. And, we are collaborating with our associates and customers to create better, healthier and more environmentally friendly solutions.

## CURRENT INITIATIVES DESIGNED TO ADVANCE SUSTAINABILITY

Engineering innovative products that increase the energy efficiency of machinery and equipment and propel the renewable energy sector

Continuously improving our world-class safety programs to protect associate health and safety, resulting in record performance

Embracing energy efficiency, pollution prevention, waste management and recycling programs at Timken global facilities to reduce our environmental footprint

## EVOLVING OUR INITIATIVES: 2020 FOCUS

Continuing to evolve how we work and extending best practices to our global operations

Exploring initiatives to reduce our global energy consumption and waste

# Promote Leadership

We are guided by our values and a commitment to operate ethically and responsibly everywhere we do business. In addition to our values and corporate governance practices, we also understand that advancing our global industrial leadership position and creating value for all our stakeholders requires company-wide leadership that extends into the communities where we live and work.

Leadership means we invest through philanthropic programs and volunteer work, focusing on education, community building and meeting basic needs. We also help develop the next generation of leaders through the Timken Scholarship Program, internships and co-op educational opportunities and STEM-focused programming.

## CURRENT INITIATIVES DESIGNED TO PROMOTE LEADERSHIP

Upholding strong corporate governance principles and practices to promote the interests of the company and its stakeholders

Leading with and living our values every day, while operating ethically and responsibly in accordance with our Standards of Business Ethics Policy

Building and investing in communities where we live and work through associate and corporate-led giving, partnership and volunteerism

## EVOLVING OUR INITIATIVES: 2020 FOCUS

Responding to evolving community needs, including the COVID-19 pandemic, with focused support

Continuing to advance ethics-related associate trainings

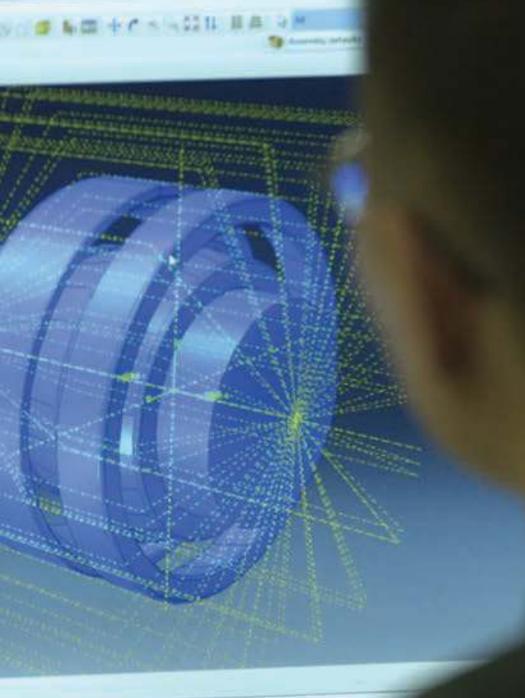
## Moving Forward

We continue to review our internal initiatives in these three focus areas and expect to report on them annually. Expanding our role as a global corporate citizen requires us to remain agile so we can address emerging and critical needs. These three focus areas will ensure we remain committed to making the most positive impact for all our stakeholders in a world in motion.





As engineers, we appreciate that we are all part of a global system and community – when we leverage our collective experience and intelligence, all of society benefits.



# Grow Knowledge

## A Culture of Learning

As a knowledge-based, global industrial leader, we understand the power of continuous learning and diverse perspectives. Our global workforce of more than 17,000 associates is key to developing the best engineering solutions possible for a world where change no longer takes place over a generation or decade, but from year to year or even month to month.

In 2019, the vast majority of Timken associates participated in a variety of company-provided training and development programs equipping them with tools and techniques to better collaborate and innovate together. From our Timken University online-learning platform to our in-depth Manufacturing Academy and other training programs, Timken associates received instruction and guidance from some of the most knowledgeable and experienced leaders in our company and beyond.

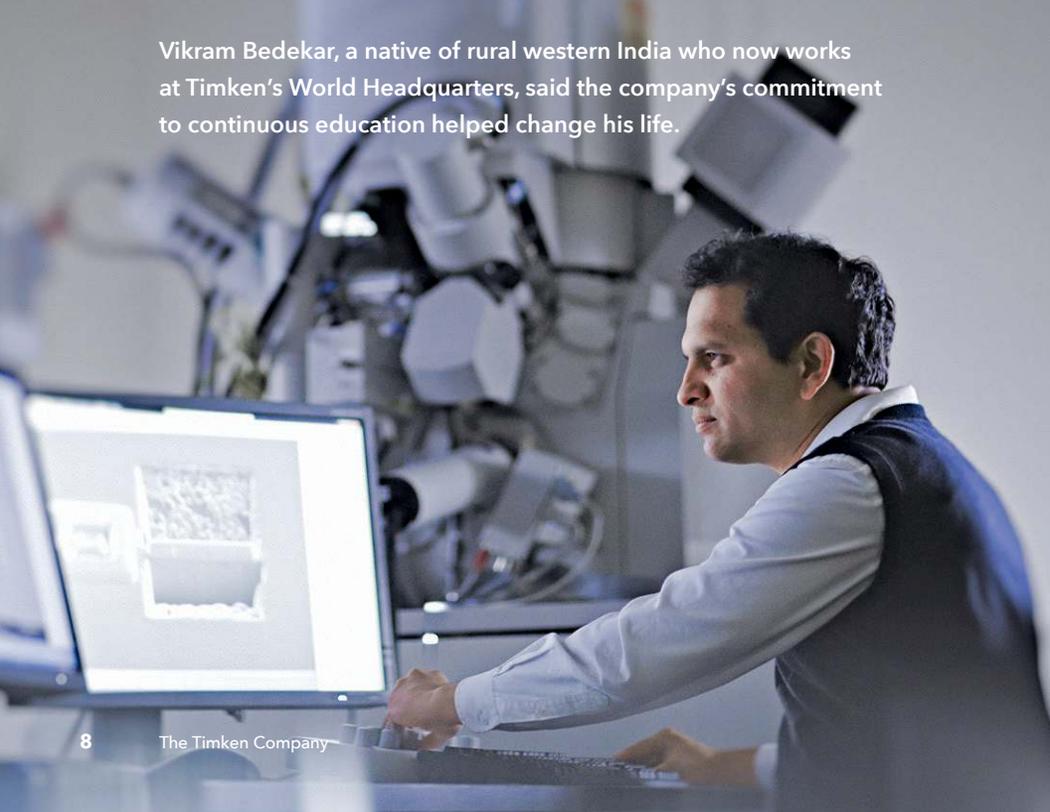
In addition to aligning with our core values, an inclusive, equitable work environment helps us attract and retain diverse talent that can fully address our customers' needs. We actively engage with our associates, seeking their input to strengthen our company and culture. And we continue to reward our workforce with strong wages and competitive benefits.

Our commitment to building a culture of learning, understanding, inclusion and reward is greater than ever. As engineers, we appreciate that we are all part of a global system and community – when we leverage our collective experience and intelligence, all of society benefits.

**Our global workforce of more than 17,000 associates is key to developing the best engineering solutions possible for a world where change no longer takes place over a generation or decade, but from year to year or even month to month.**



Now the product manager for Timken aerospace bearings, Marlé Fernandes joined the company as a summer intern in 2004 in her native South Africa.



Vikram Bedekar, a native of rural western India who now works at Timken's World Headquarters, said the company's commitment to continuous education helped change his life.

IMPACT NOW

# Two Career Paths Aligned by a Desire to Advance

Our investments in employee education and training span the globe. Everywhere we do business, associates are eligible to participate in programs that help them nurture leadership skills, gain a better understanding of our products and services, learn new sales techniques and stay up-to-speed on the latest engineering and scientific advances.

Timken associates Marlé Fernandes and Vikram Bedekar started their journeys to Timken in South Africa and India, respectively. Today, they are both making significant contributions from our World Headquarters in Ohio.

While they have taken different paths to their current leadership roles, both Marlé and Vikram have benefitted from Timken's commitment to continuing education. Here, they share how the company's learning opportunities have been instrumental in their professional advancement.



## A New Partnership: Leading by Example

At Timken, we believe diversity of thought and an inclusive culture produce better ideas, a stronger workforce and a more desirable place to work. To advance our efforts, we have partnered with Harvard Business School Press to provide required training for our managers focused on diversity and inclusion. They can complete it at their own pace and will:

Learn why diverse teams provide a competitive advantage.

Understand how to foster an inclusive environment where all talent is welcome.

Investigate strategies for diverse hiring.

Explore ways to address diversity-related conflict.

With this training, we seek to align our managers on what it means to lead by example. We expect them to cultivate an environment where everyone feels welcome, while equipping them with the necessary tools to facilitate inclusive behaviors across their teams.

**“Never stop learning. Choose opportunities that extend you, so that you have to grow as a person and learn new skill sets that you can add to your toolbox.”**

**Marlé Fernandes**

**T**hanks to Timken’s investment in early-career talent, Marlé Fernandes was able to develop a solid foundation with the company before she even graduated from college. Now the product manager for Timken aerospace bearings, Fernandes joined the company as a summer intern in 2004 in her native South Africa. She also received multiple Timken scholarships helping her earn a bachelor’s degree and a master’s degree.

### What initially stoked your interest in science and engineering?

My perpetual curiosity. As an engineer, I get to ask a lot of questions. The answers I discover help me solve our customers’ problems and move the world forward.

### How did being a student intern help you advance to your current leadership role?

I was able to really hit the ground running when I was hired on full time. I knew the people and the culture and was able to take on tasks of increased responsibility rapidly.

### How has your technical appreciation for bearings changed since you joined Timken?

When I started at Timken as a college student, I hardly knew what bearings did! My experience across different functional areas has given me much greater appreciation and insight. In manufacturing, you learn how challenging it is to make bearings consistently and efficiently. In application, you learn how important it is to make them

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right and appreciate why the designs are tailored for each market. In product management, I've gained a deeper understanding for how complex the organization is that brings all our technical and manufacturing knowledge together to help us deliver the highest-quality bearings in the world.

**What's the most important professional advice you've given to colleagues?**

Never stop learning. Choose opportunities that extend you, so that you have to grow as a person and learn new skill sets that you can add to your toolbox.

**Beyond your job, how else do you advance your passion for engineering and leadership?**

I strongly believe that anybody with a voice and passion can be a leader. My parents are both strong leaders and inspired me to step up and make opportunities on my path. I'm a parent of two young children, so I hope to give them that same support. I'm particularly passionate in getting more girls interested in engineering, helping women advance in the field and overcome any stereotypes they may believe.

**What do you want to do next in your career?**

I'm going to keep pushing myself to tackle more challenges and keep learning as much as I can. When I'm contributing sustainable value to the organization, I feel motivated.

**“During Timken’s Manufacturing Academy, I was exposed to three main areas – business tactics, plant management and manufacturing systems. I now use these skills in everyday life.”**

Vikram Bedekar

Vikram Bedekar encounters complexity every day in his role as a material scientist and group leader in Timken’s Research & Development operations. Bedekar, a 2014 graduate of the Timken Manufacturing Academy, constantly draws on his training to help solve our customers’ most difficult challenges. Bedekar, a native of rural western India who now works at Timken’s World Headquarters in Ohio, said the company’s commitment to continuous education helped change his life. He also received support from the company’s Employee Education Program, which provided tuition reimbursement to help him complete his doctoral degree in 2013.

**When did you first realize you wanted to be a scientist?**

I was introduced to research while studying for my master’s degree. I enjoyed reading through research papers, developing something new and sharing it with the community. But my desire to be known, to the world, as a researcher and scientist in the area of manufacturing material science really came to life in my early years in the Timken R&D department.

**How do you explain material science to your friends and family?**

In its simplest form, material science deals with any and every material that is used in everyday life. It’s about working with steel, copper, gold,

ceramics and other materials in all sorts of applications. The possibilities are limitless. Material scientists and engineers can modify the atomic arrangements to make the material stronger, lighter and longer-lasting. And we use the coolest microscopes in the world to study these materials at the atomic level.

**Tell us about your passion to teach others and help advance the field of material science?**

I'm passionate about uncovering scientific and engineering secrets. Timken has encouraged us to publish our work to enhance our visibility and stimulate further discussions. It's rewarding to see feedback from subject matter experts all around the world as well as a new generation of students using our work to further push the boundaries of science.

**What's one thing you've learned in Timken Manufacturing Academy that you apply to your work each day?**

During Manufacturing Academy, I was exposed to three main areas – business tactics, plant management and manufacturing systems. Specifically, I learned how to read quarterly balance sheets and understand how our stock price is calculated. I now use these skills in everyday life.

**What's your proudest accomplishment at Timken?**

I've had many, but finishing my PhD with Timken's support was a life-changing event that I will always be grateful for. Based on the work during my doctoral thesis, the International Academy of Production Engineering awarded me the prestigious F.W. Taylor Medal in 2013. It's something I will always cherish.

**What's next for your career? What other roles do you want to take on?**

I recently changed my role from an individual contributor to a group leader. In this new role, I will continue pushing the limits of science, but most importantly, I want to guide the next generation of engineers to discover the exciting field of material science and engineering.

**Tell us something about a hobby that might surprise people.**

One of my hobbies is visiting UNESCO World Heritage Sites. Whenever I'm traveling abroad, I take time to visit the nearest site to better understand ancient cultures. In 2020, I visited the Forbidden City in Beijing, which was my 25th site!



## Ongoing Learning and Diverse Perspectives

Timken associate resource groups (ARGs) around the world help us understand and address the challenges our diverse workforce faces and the opportunities diversity offers in advancing our collective knowledge. Since 2009, our associates have driven the expansion of regional chapters across three primary ARGs. Our ARGs are open to all associates, regardless of race, ethnicity, gender identity and age.

**Women's International Network (WIN)**

WIN promotes the advancement of women at Timken, focuses on leadership topics and provides guidance to managers and supervisors who want to engage women in more strategic roles and responsibilities.

**Multicultural Association of Professionals (MAP)**

MAP provides opportunities for associates to share various backgrounds, perspectives and cultures that help us work more effectively together.

**Young Professionals Network (YPN)**

Emerging leaders within the company can network, participate in professional development opportunities and learn skills to further their careers. YPN aims to broaden associates' skills to help them excel in current and future roles.

# An Inclusive, Equitable Work Environment

## Diversity at Work

Our associates come to work with unique backgrounds, experiences and abilities to help us develop and deliver the most effective solutions for our customers. We prioritize respect – for each other, our partners, our communities and our customers – regardless of race, religion or other characteristics that distinguish us.

As society struggles with unrest brought on by racial injustices, we continue to take meaningful steps to further advance diversity and inclusion – and a greater understanding of each other – throughout Timken.



Implementing multiple onboarding assignments for new hires and acquired businesses, addressing expectations for workplace respect and inclusion



Engaging with diversity-focused recruiters and advertising on job boards that target underrepresented populations

Nurturing partnerships with local organizations committed to diversity and inclusion



Requiring all new managers to complete a multi-week training program, which provides an in-depth learning experience on diversity and inclusion amongst other topics

Supporting associate resource groups focused on providing multicultural points of view, advancing gender equity and supporting young professionals



Reviewing our global diversity data to map a more diverse and inclusive future for our company



Third-party analysis to validate pay equity in the U.S. regardless of gender or ethnic background

## Benefitting Our Associates

Where Timken has a large operational presence, we have a direct positive impact on the local community by providing stable, well-paying jobs. For example, Timken's World Headquarters is located in Ohio's Canton-Massillon metropolitan area, where we are one of the largest and longest-standing employers. Our median annualized base salary for associates there significantly exceeds the median annualized base salary for all occupations in the area.\*

We also believe it is important to provide pay that is competitive and equitable based on the local markets in which we operate. Some highlights of our pay practices for U.S.-based associates include:

Our median annualized base salary for U.S.-based full-time employees (both salaried and hourly) is greater than 120% of the median annualized base salary for all occupations in the U.S.\*

Our median hourly wage for U.S.-based full-time hourly employees exceeds double the federal minimum wage.

Our lowest U.S.-based hourly wage for 2019 was nearly 1.5 times the federal minimum wage.

Timken aims to support employee health and provide programs that benefit our associates' and their families' total wellbeing. We conduct market studies around the world to ensure full-time associates receive competitive benefits relative to the markets where they work. While benefits vary by market, full-time associates at Timken's significant U.S. operations can choose from a variety of medical plans and supplemental benefits. These include additional life insurance, personalized health coaching, work-life balance programs and paid maternal and paternal leave.

We are committed to continuous investment in associate wellness, and we plan to expand our offerings in 2021, including support to improve physical health and financial consulting at certain locations.

\* Based on May 2019 estimates provided by the U.S. Bureau of Labor Statistics available at: <https://www.bls.gov/oes/tables.htm>

## Listening and Advancing

We believe that having open, honest dialogue with our associates is key to evolving our culture and keeping our company strong. In line with that approach, we conduct comprehensive surveys on a periodic basis to measure employee engagement. We also deploy regular pulse surveys to gain insights from associates' recent experiences and to better understand how effectively we are engaging, energizing and enabling our workforce. The feedback from these surveys helps us to continue driving actions in areas where we're doing well and to make meaningful and measurable progress in areas where we can improve. Our success as a high-performing organization depends on nurturing an environment where everyone is valued and heard.

# 120%

Our median annualized base salary for U.S.-based full-time employees (both salaried and hourly) is greater than 120% of the median annualized base salary for all occupations in the U.S.\*

# > 2x

Our median hourly wage for U.S.-based full-time hourly employees exceeds double the federal minimum wage

# 1.5x

Our lowest U.S.-based hourly wage for 2019 was nearly 1.5 times the federal minimum wage

# An Inclusive, Equitable Work Environment

## Diversity, Inclusion at Work

Timken is deeply committed to increasing diversity and inclusion, but we have more work to do across our global footprint. We are investing in multiple initiatives focused on identifying diverse talent. These include engaging with recruiting firms, utilizing job-posting sites and collaborating with university programs that specialize in connecting companies like Timken with diverse candidates. Moving forward, we will continue to review and refine our initiatives as we seek to further diversify our global workforce.

## Diversity Through Talent Development

Part of our focus at Timken is to drive diversity through talent development. When looking at our approximately 60 highest-grade positions, over 50% have a diverse associate identified as a potential successor. Timken is committed to providing these diverse successors with opportunities for growth through custom development plans, talent assessments, external coaching engagements, internal mentorships and sponsorships, experiential job assignments, and programs like our gender and ethnicity diversity initiative.



TOTAL WORKFORCE	17,621* (FULL TIME >95%; PART TIME <5%)
REGION	PERCENTAGE OF WORKFORCE
Americas	43.8%
Asia Pacific	32.6%
Europe, Middle East, Africa	23.6%
GENDER	
Female	22.2%
Male	77.8%
AGE	
< 30	16.6%
30 – 50	50.0%
> 50	33.4%

Information provided is as of December 31, 2019

WHQ represents our largest location in the U.S. by number of employees and remains a focal point for our diversity and inclusion efforts.

<b>TOTAL U.S. WORKFORCE</b>	<b>7,060**</b>
	<b>PERCENTAGE OF U.S. WORKFORCE</b>
Ethnically Diverse	16.1%
Female	25.1%
<b>WORLD HQ WORKFORCE</b>	<b>872**</b>
	<b>PERCENTAGE OF WORLD HQ WORKFORCE</b>
Ethnically Diverse	10.3%
Female	35.3%
<b>EXECUTIVE LEADERSHIP TEAM</b>	<b>19</b>
	<b>PERCENTAGE OF EXECUTIVE LEADERSHIP TEAM</b>
Ethnically Diverse	10.5%
Female	10.5%
<b>BOARD OF DIRECTORS</b>	<b>11</b>
	<b>PERCENTAGE OF BOARD OF DIRECTORS</b>
Ethnically Diverse	9.1%
Female	27.3%

Information provided is as of December 31, 2019

\* Excludes associates that became part of Timken via acquisition in that year.

\*\* Includes full-time, part-time, and only hourly, salary, salary – nonexempt employment types





# Advance Sustainability

## More Efficiency Today, Greater Resilience Tomorrow

At Timken, we believe sustainability is about making the promise of a better tomorrow the inspiration for the work we do today. This approach guides us and drives our innovative spirit to effect positive change for all our stakeholders.

Sustainability, to us, takes many forms. We play a key role in keeping the world in motion, even in times of crisis, from food production to transportation. We participate in industries that exist to advance sustainable practices. We reduce

friction for our customers' applications, developing increasingly more efficient and longer-lasting solutions. And, we are committed to reducing our own environmental footprint while also maintaining healthy and safe workplaces for our associates.

With our growing portfolio of engineered bearings and power transmission product brands, we invest in growing markets, such as renewable energy and automation, for a more efficient present and more resilient future.

In 2019, we advanced the development of larger, more powerful wind turbines and worked to make solar equipment more precise and reliable. We also expanded our capabilities around automated lubrication, helping to improve safety and lengthen the lives of vital machinery.

Internally, we continued to upgrade operations, increasingly driving out the use of plastics and waste generation while making our facilities safer and healthier for our associates.



Timken's growing portfolio of engineered bearings and power transmission products and technologies advances the use of alternative energy sources worldwide. Specifically, innovative Timken bearings and related components are enabling manufacturers to design bigger and more powerful wind turbines. At the same time, our precision gears and drives are boosting prospects for solar energy.

In 2019, we also continued to improve the sustainability of our own operations by working to drive out the use of plastics and waste generation while making our facilities healthier for our associates. At Timken, we are committed to working with our associates, customers, partners and other stakeholders to advance sustainability both inside and outside of our company.

### Wind Energy: Leading Timken Technology Takes on World's Largest Turbine

"Timken has become a technology leader in the wind industry," said Andreas Roellgen, vice president of Timken Europe, Asia and Africa. "While we've only been part of the industry over the last decade, our work in this market has become one of the biggest growth drivers for our entire business."

In 2019, wind turbine manufacturers continued to turn to Timken to optimize the reliability, cost and performance of their equipment. As a result, we have developed close partnerships with both manufacturers and operators to collaborate and improve designs leveraging our technology and

know-how. Through one of those partnerships, we are helping to build the world's largest wind turbine.

According to the World Wind Energy Association, there's now enough wind-turbine capacity to cover more than six percent of global electricity demand. We are honored to play a role in this growth market with innovations in application engineering, bearing designs, surface coatings, cages and heat treatment, assembly and packaging. Our bearings are engineered to extend the lifecycles of the largest turbines in the world and are able to take on the thrust, radial and over-turning moment loads these large, powerful machines produce. Simply put, the bigger the turbine, the more power it's capable of

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# A New Initiative: Making Shipping More Sustainable

Timken is carrying out a global initiative to drive down single-use plastics across our business, including our vendors and third-party logistics providers. We've started this effort by replacing plastic bubble dunnage with a recyclable paper option. With the transition complete in three of our U.S. facilities, we expect to fully implement the initiative globally in 2021. In the U.S. alone, we estimate this initiative will prevent 13,556 cubic feet of plastic material from going into landfills annually.

Kim Rudy, manager of global packaging, and Jamie Milobar, manager of global environmental affairs, are spearheading the effort for Timken. Here, they discuss what inspired the initiative and how it is advancing.



## Why is reducing plastics important?

**Jamie:** Plastic use is a global issue that has to be addressed, and we are committed to doing our part – not just to eliminate use but to reduce carbon emissions released during its production and to keep plastic from polluting our natural environment.

**Kim:** From a global packaging perspective, it's important that we continue to look for ways to reduce waste and reuse and recycle materials. We're always trying to minimize the impacts we have.

## How did you go about choosing this approach to drive down plastic usage at Timken?

**Jamie:** We were looking for a project that would benefit both the environment and our business. We thought it was a good long-term strategy to start with dunnage and move on to other packaging materials in the future.

**Kim:** The paper-based material we're moving to not only provides better protection for our products in shipping, it's also recyclable and reusable and provides a cost savings for the company.

**We expect to fully implement the initiative globally in 2021. In the U.S. alone, we estimate this initiative will prevent 13,556 cubic feet of plastic material from going into landfills annually.**

## How are associates, partners and customers responding to this change?

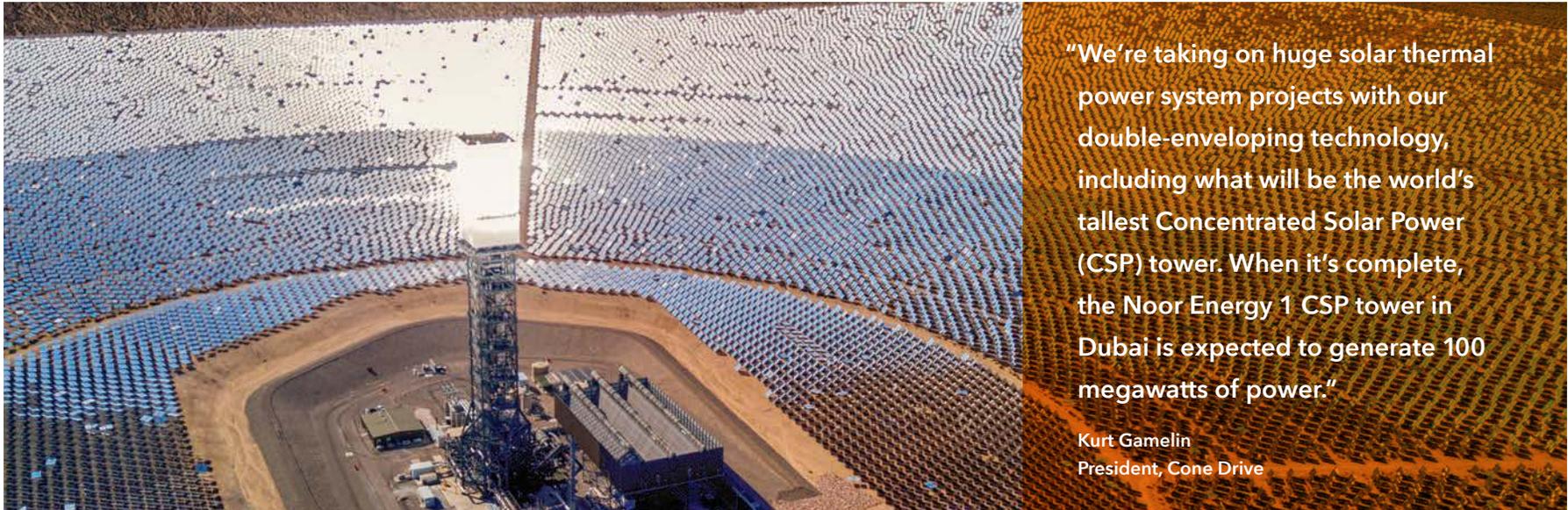
**Kim:** They have been very receptive. We're working with packaging engineers to ensure we have the right solution to protect the product in shipment. We're working with our operations leaders, factories and regional packaging coordinators to make sure the transition goes smoothly. And we're working with our vendors and customers to ensure we're all on the same page.

**Jamie:** We're also seeing more of our customers asking about our efforts and how our products and initiatives can help them advance their own sustainability goals.

## What kind of impact do you think this initiative will have?

**Kim:** It definitely will have an environmental impact. Our program eliminates something we know is going into landfills today and isn't biodegradable.

**Jamie:** By taking these actions, we are keeping waste out of landfills and protecting future generations. Hopefully, we're also inspiring our associates and other stakeholders to prioritize sustainable actions in their personal lives.



“We’re taking on huge solar thermal power system projects with our double-enveloping technology, including what will be the world’s tallest Concentrated Solar Power (CSP) tower. When it’s complete, the Noor Energy 1 CSP tower in Dubai is expected to generate 100 megawatts of power.”

Kurt Gamelin  
President, Cone Drive

of producing. Manufacturers continue to push the limits of size and power, with the largest turbines now generating 14 megawatts. And we are helping them grow. In addition to mainshaft bearings, our recent acquisitions and innovations have enabled us to present a more complete offering to our customers. Our gearbox bearings, torque-control devices, couplings, wear-resistant coatings, lubrication systems and up-tower repair services increase the lifecycle, sustainability and efficiency of wind turbines.

**Solar Energy:  
Innovating Solutions, Increasing Utilization**

Meanwhile, our Cone Drive business is contributing to the rapid rise of solar energy solutions. Our double-enveloping worm gear technology

continues to be the industry’s gold standard. It works to accurately position and synchronize solar panel mirrors to efficiently capture the sun’s rays.

“We’re taking on huge solar thermal power system projects with our double-enveloping technology, including what will be the world’s tallest Concentrated Solar Power (CSP) tower,” said Kurt Gamelin, Cone Drive president. “When it’s complete, the Noor Energy 1 CSP tower in Dubai is expected to generate 100 megawatts of power.”

We are an exclusive supplier to the Noor Energy 1 tower, which is expected to go online in 2021. It is one of several massive solar power systems our technology is helping to enable. These projects will eliminate tons of carbon-dioxide emissions in the years and decades ahead.

The Bloomberg NEF New Energy Outlook 2019 projects solar energy to grow from two percent of the world’s electricity generation today to 22 percent by 2050. Accordingly, Timken’s solar business increased substantially in 2019 with a similar growth trend in the first half of 2020.

Not only will Timken innovations continue to be key to advancing solar energy, our company is committed to being a growing consumer of the alternative energy source. In fact, we increased our use of solar energy by more than six times from 2018 to 2019 and will continue looking for opportunities to lessen our dependence on fossil fuels across our global footprint.

# Keeping Our Promise to Protect Our People

## Leading by Example

In 2019, we recorded our best year ever from a safety standpoint, achieving the lowest lost time accident (LTA) rate in Timken history. In fact, more than 70 percent of our global facilities finished the year with zero LTAs.

Our stellar performance in 2019 is the result of safety-improvement strategies put in place more than a decade ago. Over the last 10 years, our LTA rates have continued trending downward. Above all, we want to keep Timken associates safe. By doing so, we are seeing world-class results, regularly performing in the top quartile of U.S.-based manufacturing companies for recordable injury rates.

Our commitment to safety starts at the top. Our CEO, Richard Kyle, was the first-ever chair of our Environmental Health and Safety Leadership Council, which was created in 2009. The council exists to set the bar by driving high-level safety strategy and implementation.

“Leadership accountability is a big reason for our positive results,” said Rick Boyer, vice president of operations and current chair of the EHS Leadership Council. **“All plant managers are required to report any LTAs directly to our CEO. This kind of accountability at the top helps reinforce the responsibility for safety throughout the organization.”**

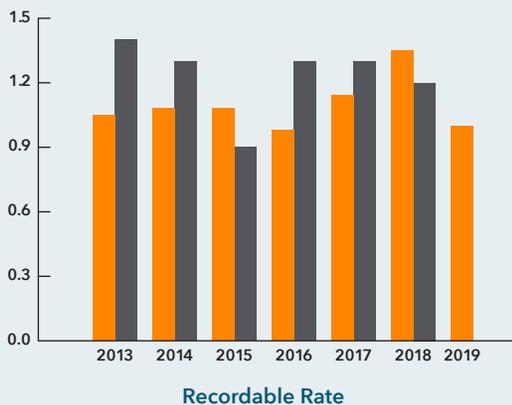
Additionally, associates at all levels stay engaged in safety through efforts like our Precaution Based Safety (PBS) program. PBS allows associates to serve on teams of safety observers and report potential issues. In 2019, these teams completed 42,000 observations, with 9,000 resulting in opportunities to coach associates on safe behaviors.

The health and safety of associates will always remain a top priority for Timken.

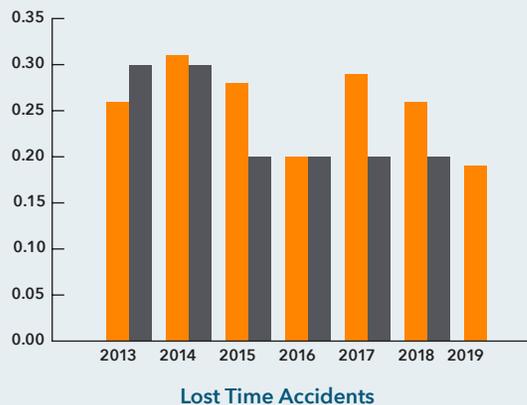
## Innovating for Safety

Timken technology is improving the longevity of vital machinery while also making it safer for people to maintain. After Timken acquired BEKA Lubrication in 2019, we created Groeneveld-BEKA, which instantly became a world leader in automated lubrication systems. Any machine driven by chains, belts, gears and other moving parts requires regular lubrication. Automated systems take people out of the risky and time-consuming equation of lubricating complex machinery. They also provide more consistent lubrication over time, thus improving the durability and sustainability of machines used for many purposes across many industries. For example, we estimate automated lubrication can more than double the normal operating life of pins and bushings.

Injury Rates as Calculated Based on OSHA Guidelines



Legend: ● Timken (orange), ● Top Quartile, U.S. Metal Manufacturing (grey)



## Safety in Times of COVID-19

From the beginning of the pandemic, Timken has followed guidelines set by the World Health Organization, Centers for Disease Control and Prevention, Occupational Safety and Health Administration and local authorities.

We sanitize our facilities regularly and protect our workers with barriers, masks, staggered seating arrangements, work-from-home assignments, temperature taking and other precautions.

# Keeping Our Promise to Protect Our Planet

ENERGY CONSUMPTION**		2019	2018
Energy Consumption Within the Organization 1,000 gigajoules	Total from non-renewable and renewable sources	4,451.03	4,612.14*
	<b>Total from non-renewable sources</b>	<b>4,439.63</b>	<b>4,610.39*</b>
	Natural Gas	1,745.82	1,803.02*
	Electricity	2,481.99	2,555.10*
	No. 6 Fuel Oil	0.01	1.61
	No. 2 Fuel Oil	0.02	0.03
	Propane	102.37	126.86*
	Diesel	4.53	2.97*
	Recovered Fuel	1.83	12.27*
	Purchased Steam/Hot Water	101.97	107.45*
	Gasoline	1.1	1.08*
	<b>Total from renewable sources</b>	<b>11.4</b>	<b>1.75</b>
	Solar Energy	11.4	1.72
	Biodiesel	0	0.03
<b>Energy Intensity</b> gigajoules per \$1,000 of Standard Value of Production [SVOP]	<b>Total</b>	<b>3.23</b>	<b>3.16*</b>

\* Certain data in the foregoing charts have been revised since the publication of the 2018 Corporate Social Responsibility Report to reflect immaterial corrections made as a result of Timken's internal review processes.

2019 data in the foregoing charts includes information from acquisitions occurring in 2018, which was excluded from our 2018 reporting.

\*\* Energy consumption tracked using utility records and internal logs. Conversion of fuel consumption to gigajoules based on information from U.S. Energy Information Administration and Abraxas Energy Consulting, LLC. No energy was sold by the organization during the reporting period. Energy intensity includes electricity, natural gas, fuel oils, propane and solar energy and reflects only energy consumption within the company.

WATER CONSUMPTION**		2019	2018
Water Withdrawal megaliters	Total from all sources	2,901.34	3,275.40*
	Ground Water	1,720.72	2,030.82
	Surface Water	0	0
	Seawater	0	0
	Produced Water	0	0
	Third-Party Water	1,180.62	1,244.58*
GREENHOUSE GAS EMISSIONS			
Direct (Scope 1) emissions; natural gas and fuel 1,000 MTCO <sub>2</sub> e		94.58	99.66*
Indirect (Scope 2) emissions; electricity 1,000 MTCO <sub>2</sub> e		338.64	371.53*
GHG emission intensity (Scope 1 and Scope 2) 1,000 MTCO <sub>2</sub> e per SVOP		0.31	0.32

\* Certain data in the foregoing charts have been revised since the publication of the 2018 Corporate Social Responsibility Report to reflect immaterial corrections made as a result of Timken's internal review processes.

2019 data in the foregoing charts includes information from acquisitions occurring in 2018, which was excluded from our 2018 reporting.

\*\* Water consumption data obtained from utility records and internal meters and logs. No water drawn from known water stress areas. Change in water storage not identified as significant.

Baseline year for all emissions: 2018. MTCO<sub>2</sub>e = metric tons of CO<sub>2</sub> equivalent. Gases included in Scope 1 emissions: CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O; no biogenic emissions. Source of emission factors for 2018 US data: Federal Register EPA, 40 CFR Part 98, e-CFR, June 13, 2017, Table C-1, C-2, AA-1, USEPA e-Grid 2016, February 2018 and for 2018 international data: International Energy Agency, based on 2016 data (2018 edition) and published emissions factors. Source of emission factors for 2019 US data: Federal Register EPA, 40 CFR Part 98, e-CFR, June 13, 2017, Table C-1, C-2, AA-1, USEPA e-Grid 2018, March 2020 and for 2019 international data: carbonfootprint.com: Country Specific Electricity Grid Greenhouse Gas Emission Factors, as updated in June 2019. Market-based emissions not included in Scope 2 emissions.

EFFLUENTS AND WASTE**	2019	2018		2019	2018
Total from all sources Hazardous waste (1,000 metric tons)	6.21	6.35*	Total from all sources Nonhazardous waste (1,000 metric tons)	72.90	101.35*
Reuse	0	0	Reuse	0	0
Recycling	2.52	2.89*	Recycling	49.58	53.51*
Composting	0	0	Composting	0.00	0.00
Energy Recovery	0.61	0.75*	Energy Recovery	0.54	0.50*
Incinerations	0.99	0.87	Incinerations	0.32	0.29
Deep Well Injection	0	0	Deep Well Injection	0.00	0.00
Landfill	1.11	1.15*	Landfill	7.56	8.21*
On-site Storage	0	0	On-site Storage	0	0
Other (oily water recycle)	0.98	0.70*	Other (oily water recycle)	14.90***	38.84*
<b>TRANSPORT/TREATMENT OF HAZARDOUS WASTE (1,000 metric tons)</b>					
Hazardous waste transported				6.21	6.35*
Hazardous waste imported				0	0
Hazardous waste exported				0	0
Hazardous waste treated				N/A	N/A
Percentage of hazardous waste shipped internationally				0	0

\* Certain data in the foregoing charts have been revised since the publication of the 2018 Corporate Social Responsibility Report to reflect immaterial corrections made as a result of Timken's internal review processes.

2019 data in the foregoing charts includes information from acquisitions occurring in 2018, which was excluded from our 2018 reporting.

\*\* Waste data collected from vendors, invoices and transportation records.

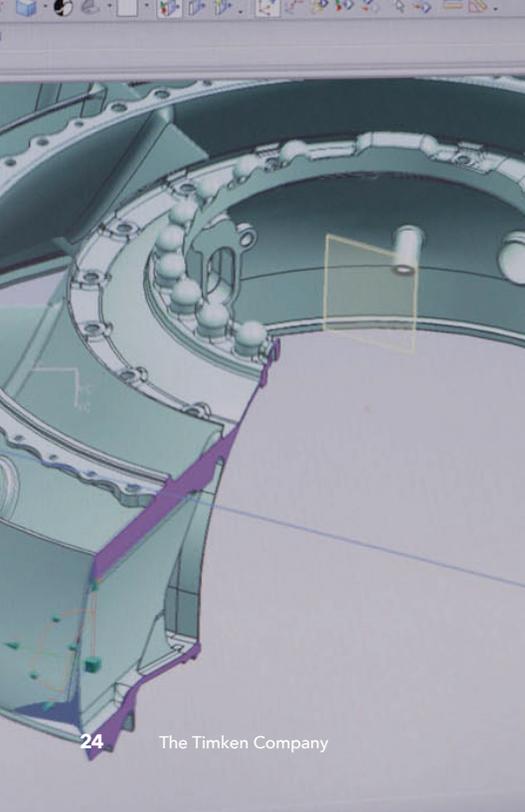
\*\*\* Reduction in oily water recycle was primarily driven by process and/or treatment improvements allowing more water to be sent to public sanitary sewer systems.



~90%

Timken diverts approximately 90 percent of our waste from landfills.





# Promote Leadership

## A Perpetual Quest for Those Who Move Us Forward

Our initiatives to promote leadership are grounded in our corporate governance principles, values and community. From our board of directors to our leadership team to our associates, we are composed of people with diverse perspectives and backgrounds, all committed to championing those who move us forward.

Timken's associates and programs lift up communities and people worldwide. In the U.S., we help educate future engineers and scientists in our work with at-risk youth. In India, we are growing as an employer of choice, expanding partnerships

and improving the communities where we live and work. Globally, we have responded to the COVID-19 crisis, feeding the hungry and providing shelter for those in need.

Whether investing in education or responding to the pandemic, we are always eager to lead the way, leveraging our expertise to solve challenges that impact our communities.

**From our board of directors to our leadership team to our associates, we are composed of people with diverse perspectives and backgrounds, all committed to championing those who move us forward.**



# Investing in India

## Q&A with Timken India Managing Director Sanjay Koul

**Timken is committed to making the world a better place, and that's evident here in India. From building a dialysis center to help improve residents' access to medical care to funding scholarships to lift our youth, we believe in the power of leadership and we're working to make a difference in the communities we call home.**

Part of Timken's promise to our customers is that we show up with the same attention to quality and care wherever they need us. This focus on excellence – along with our enduring commitment to strong ethics and values – has made us a valued global corporate citizen. Since we arrived in 1987, our growth story in India exemplifies how we have been able to diversify and advance our business in new regions.

Sanjay Koul, who became managing director of Timken India in 2012, has grown up with the company in his home country. He joined our team as a production engineer in 1990 and has witnessed Timken's remarkable growth firsthand.



## A New Partnership with the LeBron James Family Foundation

The Timken Charitable and Education Fund is collaborating with the LeBron James Family Foundation I PROMISE School to provide science, technology, engineering and mathematics (STEM) programming to at-risk and underrepresented youth in Akron, Ohio. Through a sponsorship of the school's Makerspace – a real-world learning lab and library – Timken will help students explore, create and cultivate their scientific thinking. We will also use our engineering expertise to inspire students in science and math through special presentations programmed into the Makerspace.

"For our students at the I PROMISE School, hands-on learning is so important. Offering them opportunities where they can see and apply STEM-focused lessons in real life is a game changer," said Michele Campbell, Executive Director of the LeBron James Family Foundation. "We're excited to have Timken involved in the magic that happens within the walls of our Makerspace – a place where students can build their own robots, create new art concepts or go on incredible adventures through reading."

Timken sees many possibilities of extending this type of STEM-focused programming to communities across the U.S. and globally. These types of partnerships are core to promoting the next generation of leaders early on and at every level.



Many of Timken's nearly 1,500 associates in India are active in helping their local communities grow stronger.

### Tell us a bit about Timken India and your role in the company?

More than three decades ago, Timken expanded its global presence to India. Today, we employ nearly 1,500 associates, who work directly with large manufacturers, as well as end users through our vast network of authorized distributors. We're also contributing to a diverse range of end markets, including designing essential parts for growing alternative energy options, such as solar panels and wind turbines.

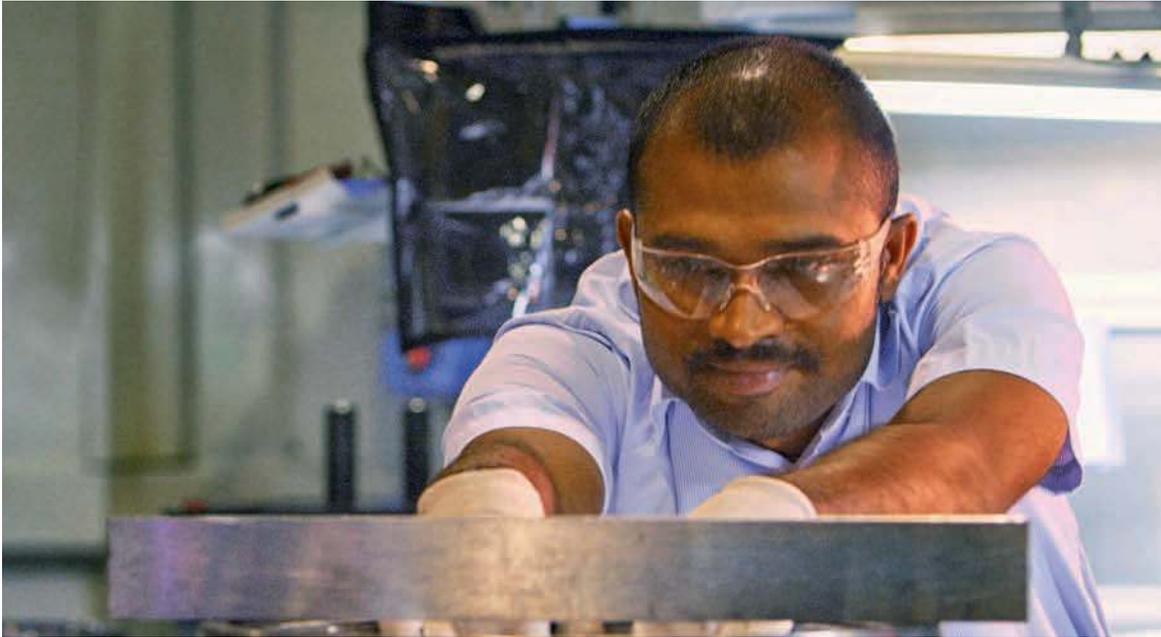
I'm proud of being one of the company's first associates in India – I'm convinced I couldn't have picked a better place to advance my

career. I have grown with the company, now leading our operations in India while helping to establish our future leaders.

### How has Timken India achieved growth and success?

Our strong focus on quality and customer care has helped us become what we are today. To our customers, Timken means reliability, innovation and engineering excellence. To our associates, it means a place where they can freely work and feel at home – they know their diverse perspectives are welcomed and valued, and none of this would be possible without them. At Timken, we understand that advancing our company means creating

continued on page 28



Recently, the government of India launched a new high-speed train project and Timken was chosen to build the bearings for it. This accomplishment is due to the power of our people, who embody our values every day – working ethically and responsibly.

value for all our stakeholders – including our customers, associates and communities.

developing the solutions of tomorrow and making our planet a friendlier place.

### Where do you see Timken India headed in the future?

Timken India is uniquely positioned to grow with the country's economy. Recently, the government of India launched a new high-speed train project and Timken was chosen to build the bearings for it. This accomplishment is due to the power of our people, who embody our values every day – working ethically and responsibly.

We're very proud of our associates. They're passionate about engineering, dedicated to

### How is Timken India improving the communities where associates live and work?

Timken is committed to making the world a better place, and that's evident here in India. From building a dialysis center to help improve residents' access to medical care to funding scholarships to lift our youth, we believe in the power of leadership and we're working to make a difference in the communities we call home. I, along with our associates in India, are happy and proud to see the positive impact these contributions are having here.

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#### CURRENT PROJECTS IN INDIA\* INCLUDE PARTNERSHIPS WITH:

**Automotive Skill Development Council** – working to upskill nearly 350 technicians in the commercial vehicle segment across India.

**Sri Sri Ravishankar Vidya Mandir Trust** – supporting the development of a classroom and multipurpose hall for the school in Bangalore.

**Sri Sri College and Ayurvedic Science and Research Hospital** – funding medical equipment for the Ayurveda Hospital in Bangalore.

**Shakthi Kendra Trust, Bangalore** – reviving a government-aided school by renovating the library, computer lab and classrooms.

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\*Timken India spends at least two percent of their profits each year on corporate social responsibility (CSR) initiatives, as required by the Indian government.

# COVID-19: Helping Our Neighbors in a Time of Crisis

## Stepping Up Globally

The COVID-19 pandemic has had a tremendous impact on every community where we operate. We have responded with both financial and in-kind donations to provide immediate support for those with the greatest need. These efforts include:



Donations of sanitizing products to a school in Romania, helping prevent the spread of COVID-19 while students attended special training to prepare for graduation exams

Donations of masks and other personal protective equipment (PPE) from our team in China to regions of the world where there's a greater need



Contributions to the Electronics City Industries Association Trust in India to provide food for those in need as well as personal protective equipment for frontline healthcare workers



A contribution from the Timken Charitable and Education Fund to Feeding America



Support for the United Way of Greater Stark County COVID-19 relief fund to help citizens with rent, mortgage payments, utility bills, and procure food and medical supplies



## Keeping Our Promise

The pandemic also created uncertainty around long-standing volunteering partnerships, such as our relationship with Habitat for Humanity. Recognizing an even greater need during the pandemic, Timken succeeded in maintaining its commitment to Habitat for Humanity while keeping associates' health and safety a top priority. Stringent safety protocols – mask requirements, onsite handwashing stations, individual tool buckets for associates and other measures – were put in place. We also limited the number of volunteer slots per day to help maintain social distancing.

**Even with the safety regulations and managing their own stressful situations at home, Timken associates continued volunteering with Habitat for Humanity. By the end of 2020, approximately 175 associates will have participated and donated more than 1,000 hours to building homes in Northeast Ohio.**

"The communities and people in need become more at-risk when situations like a pandemic arise," said Jordan Lindesmith, principal, people analytics and Habitat for Humanity Co-Chair. "Volunteers are vital to keeping families safe."

# Corporate Governance in Action

## Leading with Ethics and Integrity

From our boardroom to our factory floors, ethics and integrity guide our actions. Every day, we conduct business with a commitment to honesty, fairness, respect and responsibility. These are expectations we share – from our leadership team to our more than 17,000 associates around the globe – and a promise we make to all of our stakeholders, everywhere we do business.

## Board Composition: Overview

**82%**

Independence

**36%**

Gender and Ethnic Diversity

**5 | 11**

Fresh Perspectives  
new directors added since 2014

**10x**

The Timken Company has been named one of the World's Most Ethical Companies® 10 times by the Ethisphere® Institute.

## Corporate Governance: Highlights

### BOARD INDEPENDENCE, REFRESHMENT AND DIVERSITY

9 of 11 Directors are independent

Independent Chairman of the Board

Commitment to Board refreshment and diversity – 5 new independent Directors added since 2014

### SHAREHOLDER RIGHTS

Shareholder proxy access with 3/3/20/20 parameters

Special meetings may be called by shareholders holding 25% of the Company's common shares

### ADDITIONAL GOVERNANCE PRACTICES

Declassified Board – all Directors are elected annually

Annual Board, Committee and Director evaluations

Majority Voting Policy that requires any Director who fails to receive a majority of the votes cast in favor of his or her election to submit his or her resignation to the Board

Over-boarding policy limits the number of public company boards a Director can serve on

"Clawback" policy permits clawback of executive compensation if an executive engages in conduct that is detrimental to the Company

Robust stock ownership requirements for Directors and executive officers

**97%**

shareholder support of named executive officer compensation at our 2019 Annual Meeting of Shareholders

Our compensation program is designed to link pay and performance, which we believe has been demonstrated by the strong level of shareholder support we have received for our named executive officer compensation program over the last few years.

A significant portion of the compensation of our named executive officers is equity-based, which we believe aligns our executives' interests with the interests of our shareholders.

# The Timken Company

The Timken Company (NYSE: TKR; timken.com) designs a growing portfolio of engineered bearings and power transmission products. With more than a century of knowledge and innovation, we continuously improve the reliability and efficiency of global machinery and equipment to move the world forward. Timken posted \$3.8 billion in sales in 2019 and employs more than 17,000 people globally, operating from 42 countries.

## Our Flagship Brands

Our growing portfolio of engineered bearings and power transmission product brands serve our customers' evolving needs.

**TIMKEN**

**ROLLON**

**PHILADELPHIA GEAR**

**DIAMOND**

**(C) Cone Drive**

**DRIVES**

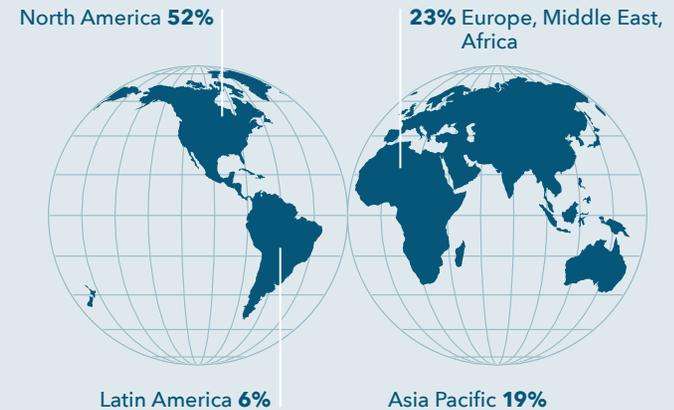
**GROENEVELD**

**BEKA**  
LUBRICATION SYSTEMS

**Lovejoy**

## 2019 Sales by Geography

We solve the most complex challenges for global industries by operating where our customers need us, from North America to Europe and throughout Asia and Latin America.



## 2019 Business Segment Sales

**50%**

Mobile Industries

**50%**

Process Industries

## 2019 Product Offering Sales

**70%**

Engineered Bearings

**30%**

Power Transmission Products

## 2019 Channel Overview

**56%**

Original Equipment  
Manufacturers

**44%**

Distribution / End Users

Visit [investors.timken.com](http://investors.timken.com) to read our latest Annual Report and 10-K.

# About this Report

The Timken 2019 Corporate Social Responsibility Report includes information focused primarily on data collected and activities that occurred during calendar year 2019, except where indicated. We believe that this report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2018, Core option. We currently expect to update this report annually.

## Report Scope

Quantitative data related to operations and facilities of businesses that were acquired by Timken in calendar year 2019 are excluded from this report, as the full integration of these businesses was still underway. Otherwise, data in this report covers Timken's and all of its subsidiaries' significant locations of operations worldwide, defined as owned locations employing 100 or more people, unless otherwise noted.

## Materiality Assessment

In 2019, we conducted a materiality assessment to inform much of the content in this report and guide Timken's strategy and programs going forward. The topics considered in the materiality assessment were developed by reviewing the GRI Standards in the Economic, Environmental and Social categories, which were classified into 17 key subtopics to allow for a more focused assessment. Internal stakeholders, including a cross section

of Timken executives, associates and the CSR Steering Committee, completed a ranking exercise to determine how topics should be prioritized based on their importance to Timken and its external stakeholders.

The CSR Steering Committee assessed the correlation between the ranked topics and external standards, such as the industry-specific reporting standards from the Sustainability Accounting Standards Board for the Industrial Machinery & Goods market and the United Nations Sustainable Development Goals, to aggregate the topics into a list of material topics. We also reviewed customer, supplier and peer CSR reports to further inform our view of additional topics relevant to our industry. The resulting material topics were reviewed and approved by Timken's executive management.

Timken's material topics include: Diversity and Equal Opportunity, Emissions, Energy, Financial Performance, Health and Safety, Human Rights, Regulatory Compliance, Retention, Compensation and Benefits, Training and Education and Waste.

For definitions, boundaries, management approaches and other information for each of our material topics, please see Page 15 (Management Approach) of the 2019 CSR Report – Indices, Approach, and Engagement.

Certain statements in this report (including statements regarding the company's beliefs, estimates, and expectations) that are not historical in nature are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, the statements related to Timken's sustainability and diversity plans, developments, targets, goals and expectations are forward-looking. Timken cautions that actual results may differ materially from those projected or implied in forward-looking statements due to a variety of important factors, including those discussed in the company's filings with the Securities and Exchange Commission, including the company's Annual Report on Form 10-K for the year ended December 31, 2019, quarterly reports on Form 10-Q and current reports on Form 8-K. Except as required by the federal securities laws, the company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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