



ALWAYS INNOVATING FOR A BETTER FUTURE

SUSTAINABILITY REPORT 2020



ALWAYS
INNOVATING
FOR A BETTER
FUTURE



LETTER FROM OUR CHAIRMAN & CEO



THOMAS A. GENDRON
Chairman of the Board,
Chief Executive Officer,
and President

Over the past 150 years, Woodward's innovations, service and expertise have helped change the world. As we celebrate this milestone, we are mindful of the connection between our past and our future, and how our innovative spirit, technological leadership and the continuous improvement of our products has built a market-leading reputation and pedigree within our industry.

This spirit is reflected in the Sustainability Report for 2020. This report stands on the past, describes the present and lays out a path for the future. Organized around our key stakeholders, it describes the various initiatives in practice that are strengthening our communities, conserving resources and making a positive environmental impact. It also demonstrates how our members around the world are living our core values, as individuals and together as one Woodward – *Always innovating for a better future.*

WE WOULD LIKE TO HIGHLIGHT A FEW KEY ELEMENTS OF THE REPORT THAT FOLLOWS:

ENVIRONMENTAL IMPACT OF WOODWARD PRODUCTS: Woodward recognizes that potential changes to the climate could have significant environmental, social and economic impacts in our communities and around the world. We believe that our steadfast focus on developing innovative products designed for high-quality emission performance, reliability and fuel efficiency, contribute to a cleaner global environment.

RENOVATION OF WOODWARD FACILITIES: As Woodward continues to grow, we have been very thoughtful and deliberate about the environmental footprint of our facilities and operations. We have invested in technology and sustainable improvements that reduce our consumption of natural resources. This report will also highlight where we have focused on renovating existing manufacturing facilities to optimize our environmental footprint, minimize waste, and provide open and efficient workspaces that promote innovation and collaboration.

INVESTING IN OUR MEMBERS: Woodward employees (whom we call "members") are the Company's most valuable resource and at the heart of our success. Woodward continues to make significant investment in training and professional development. We have established and grown our in-house training programs, which provide resources and courses to members in all business units and departments. We provide online training that promotes career and personal development, in addition to commercial, technical and compliance topics. Woodward also has a Tuition Assistance Program, which supports members who are interested in post-secondary education opportunities. Through various other programs and initiatives, Woodward emphasizes the importance of ethics, health and safety, and civic involvement.

L'ORANGE ACQUISITION: In 2018, Woodward acquired the L'Orange diesel fuel systems business. The acquisition of L'Orange is a strong strategic fit, positioning Woodward as a premier engine control technology company. L'Orange is known as the pioneer in state-of-the-art injection technology. It develops, produces and distributes innovative injection systems for large engines in ships, power plants, heavy vehicles and locomotives worldwide.

As we celebrate Woodward's 150th anniversary and continue to add chapters to our legacy of innovation, we are deeply committed to remaining a responsible corporate citizen in the global community. From our humble beginnings designing governors for waterwheels in 1870, Woodward has developed into a global company that manufactures a diverse range of innovative products. We recognize that living our values and principles requires continuous investment in our members, products, processes, facilities and stakeholders. You, the reader, are among our stakeholders. As always, we welcome your feedback as we continue to improve our performance.

ABOUT THIS REPORT: This report reflects Woodward's continuous commitment to sustainability and corporate responsibility, and generally covers initiatives undertaken and progress made for fiscal years 2018 - 2020. In preparing this report, Woodward (sometimes referred to in this report as the "Company") referenced various global reporting standards to provide the most relevant information to stakeholders. This report includes Woodward's business segments, but does not include joint ventures. All references to years in this report refer to fiscal years of the Company, unless noted otherwise. For questions related to the contents of this report, please contact either:

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YOU CAN LEARN MORE ABOUT WOODWARD IN
 OUR [ANNUAL REPORT](#) AND OUR [PROXY STATEMENT](#)

Woodward's commitment to sustainability and corporate responsibility is ingrained in our core principle — integrity. Our board of directors (the "Board"), executive officers, managers, members and other representative personnel are committed to maintaining the highest standards of ethics as outlined in the Company's [Codes of Business Conduct and Ethics](#).

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01



WOODWARD AT A GLANCE

First published in 1971, the Woodward Constitution defines our business philosophy, identifies our stakeholders, articulates our values and principles, and describes our business purpose. The Constitution is updated from time to time to stay current with changes to our business and communities, but it continues to represent the abiding commitment to integrity that has been embedded in Woodward since its founding in 1870.

WOODWARD CONSTITUTION

OUR STAKEHOLDERS:

- Communities: We are deeply committed to supporting organizations and programs that ensure our communities are desirable places to live and work.
- Shareholders: Our shareholders maintain ultimate control of the Company, as exercised through the Board.
- Members: We promote an environment that fosters growth, encourages self-development and provides meaningful work.
- Customers: We partner with our customers, providing the highest value systems, components and services that contribute to their success.
- Suppliers: Our success is strongly linked to our supply chain; we value our suppliers and long-term relationships based on shared business principles.

OUR VALUES & PRINCIPLES:

- Respect for the individual
- Integrity and ethics
- Accountability
- Teamwork
- Customer satisfaction
- Initiative
- Results driven

This report, organized around the stakeholders of the Woodward Constitution, reflects the application of these values & principles to the interests of our stakeholders.



WOODWARD AT A GLANCE



7,398

EMPLOYEES



\$2.5
BILLION

TOTAL SALES



MARKET SEGMENTS:

AEROSPACE SALES

\$1.6 BILLION

INDUSTRIAL SALES

\$900 MILLION



29 LOCATIONS
IN
13 COUNTRIES

IN THE US,

50%

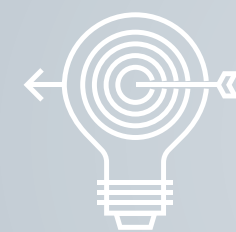
OF DOLLARS SPENT WERE
WITH SMALL BUSINESSES

INVESTMENT IN R&D

\$133
MILLION

L'ORANGE

ACQUIRED IN 2018 - LARGEST
ACQUISITION IN WOODWARD
HISTORY - BRINGS CONSIDER-
ABLE EXPERTISE IN INDUS-
TRIAL AND COMMERCIAL
ENGINEERING APPLICATIONS



OH6
SYSTEM

ENABLES A GAS ENGINE
TO HAVE FUEL EFFICIENCY
SIMILAR TO A DIESEL
ENGINE, WITHOUT COMPLEX
AND EXPENSIVE EXHAUST
AFTERTREATMENT
REQUIRED FOR DIESEL
ENGINES

COMPETITIVE
PAY AND
BENEFITS

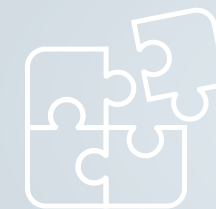
COMPETITIVE PAY AND
BENEFITS EVALUATED
ON AN ANNUAL AND
BIANNUAL CADENCE



WOODWARD CELEBRATES

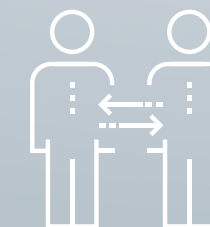
150 YEARS

OF INNOVATION IN 2020



WOODWARD CHARITABLE
TRUST GIVING IN 2019

\$1,319,000



TUITION ASSISTANCE
PROGRAM (TAP):

\$2,881,181

INVESTED
IN MEMBERS
BETWEEN
2018 AND 2020

TOTAL RECORDABLE
INJURY RATE (TRIR) BELOW
THE INDUSTRY AVERAGE AT

1.28



11.77 YEARS

AVERAGE EMPLOYEE
TENURE



93%

OF MEMBERS OPT
INTO WOODWARD
SPONSORED HEALTH
INSURANCE

94%

OF MEMBERS TAKE
ADVANTAGE OF
COMPANY MATCH

FROM 2018-2020

13%

DECREASE IN NATURAL GAS
PER \$1,000 OF SALES

FROM 2018-2020

9%

DECREASE IN ELECTRICITY
CONSUMPTION
PER \$1,000 OF SALES

WOODWARD UNIVERSITY:

\$3 MILLION

INITIAL
INVESTMENT
IN LEARNING SPACE
IN 2017

BUSINESS SEGMENTS

FY2020

AEROSPACE SALES \$1.6 BILLION TOTAL



COMMERCIAL



DEFENSE



BGA

AEROSPACE

Woodward is at the forefront of developing and delivering motion control and integrated propulsion systems for commercial and defense aerospace applications. With over 50 years of experience in the industry, we create products and system platforms designed to manage fuel, air, combustion and motion control for use on commercial and private aircraft and rotorcraft, as well as on military fixed-wing aircraft and rotorcraft, guided weapons and other defense systems. We also provide aftermarket maintenance, repair and overhaul, and other services to commercial airlines, repair facilities, military depots, third-party repair shops and other end users. The demand for improved operational efficiency in air transportation is a critical driver in the aerospace industry. Woodward continues to develop and deliver innovative fuel and actuation system solutions that improve operation and performance.

AEROSPACE TURBINE

Woodward works with engine Original Equipment Manufacturers (OEMs) to understand and resolve complex engine control system dynamics issues. Design inputs include fuel pressure and temperature, fuel flow rate, overall system weight, engine actuation requirements, and air and oil management requirements. Woodward exceeds industry goals for quality, performance and cost through our extensive engine combustion products, and our integrated approach to components and service.

AIRCRAFT CONTROLS

Woodward is a technology leader for advanced cockpit-to-surface solutions for actuation and flight control systems for military and commercial fixed wing aircraft. We set global standards in the aerospace and defense industries with our advanced flight control systems, integrated cockpit controls, precision actuation solutions, motion control and sensing applications. Woodward's fly-by-wire flight deck controls are used in business jets, commercial transports, rotorcraft and military aircraft throughout the world. Our vertically integrated product line of sensors, motors and electronics gives us the unique in-house capability of maintaining ultimate control over performance and quality. Thrust Reverser Actuation Systems (TRAS) – found in over two dozen large commercial, regional and business jet variants – power and control the deployment of aircraft thrust reversers, optimizing aircraft operational safety by reducing runway stopping distances.

BUSINESS SEGMENTS

FY2020

INDUSTRIAL SALES \$900 MILLION TOTAL



POWER GENERATION



TRANSPORTATION



OIL & GAS

INDUSTRIAL

Our Industrial segment designs, produces and services systems and products for the efficient management of fuel, air, fluids, gases, motion, combustion and electricity. Woodward's industrial products sustain equipment for power generation and distribution, extraction and distribution of fossil fuels and fuels from renewable energy, mining of other commodities, as well as converting fuel to work in transportation and freight, mobile and industrial equipment applications.

Products created by our Industrial segment consist of actuators, valves, pumps, fuel injection systems, solenoids, ignition systems, speed controls, electronics and software, sensors and other devices that measure, communicate and protect electrical distribution systems.

Our innovative energy control technologies enable steam and gas turbines, industrial diesel, gas, bio-diesel and dual fuel reciprocating engines and compressors to consistently achieve increasing efficiency, emissions, performance and reliability. Along with integral safety systems, Woodward's energy control systems and components provide superior energy management for turbines, reciprocating engines, and compressors. Our focus on efficiency decreases operating costs for our customers and contributes to reduced emissions.

SUSTAINABILITY OBJECTIVES

In 2017, Woodward released its second sustainability report, where we continued to report on our commitments to sustainability in the areas of environmental stewardship, social responsibility and corporate governance. We continue to apply a systematic approach to identifying, evaluating and managing risks across our operations, relentlessly working to be the community partner, neighbor, employer and supplier of choice. As a guide for future decisions, Woodward has referenced the United Nations Sustainable Development Goals in defining our own objectives:



Provide an inclusive, collaborative and diverse environment that represents the communities where we work and do business. We value all perspectives and continue to seek opportunities to expand the representation of women in our company at all levels.



Provide meaningful employment in a safe and healthy workplace, pay our members a fair and competitive wage and foster a work environment that values people from all backgrounds and expertise. We work together with our stakeholders to prevent human trafficking, child labor and corrupt practices.



Monitor water use and continue to improve operational efficiency. We are constantly evaluating methods to reduce the amount of waste water and hazardous waste by increasing our recycling, diversion and reuse programs.



Assess performance and disclose periodic information on our sustainability goals, programs and processes. We aspire to serve our stakeholders in an environmentally and socially responsible manner, using minimal resources and disposing of only what is necessary. Wherever possible, we aim to increase recycling, reuse and repurposing of materials.



Incorporate our brand promise, "Always innovating for a better future," into product design and manufacturing processes. Our goal, through continuous design improvements, is to maximize energy efficiency for our customers' products, thereby conserving limited, non-renewable energy sources.



Enhance technologies that reduce fossil fuel consumption of our customers' products, thereby reducing energy consumption and greenhouse gases. By streamlining production processes and operational excellence techniques, we continue to optimize our own output of greenhouse gases and other waste.





COVID-19 RESPONSIVE ACTIONS



The global economic effects associated with the COVID-19 pandemic have been unprecedented in their scope and depth. We have been and will continue to be following recommendations of the US Center for Disease Control (CDC) and other applicable agencies to maximize the safety and well-being of our members. Throughout this crisis, our unwavering focus has been on keeping our workplace as safe as possible, while ensuring we stabilize our business and positioning ourselves well for the future. As Woodward navigates through these unprecedented events, we remain focused on mitigating the impacts of this pandemic on all our stakeholders, including our members, customers, suppliers, stockholders and communities.

For the safety of our members, we have taken the following actions:

- We established and deployed a Coronavirus Response Team. This team actively monitors the situation, stays informed of all recommendations and best practices from the CDC as well as international agencies, and accordingly adopts policies and procedures across our global operations.
- In our production environments, we have implemented measures to mitigate exposure risks and support operations. These measures include but are not limited to rearranging production areas to facilitate spacing, and staggering work hours and shift start times.
- With respect to job roles that can be performed remotely, we initiated a global policy to facilitate social distancing and further reduce total occupancy at any given time within our facilities.
- We implemented temperature and symptom screening procedures at each US location.
- We implemented contact tracing and quarantine procedures in the event a situation arises where members may have been exposed to the virus in the workplace.
- We enhanced our cleaning protocols in the production environment and in common, shared areas, including temporarily closing of facilities to execute comprehensive cleaning and disinfection protocols.
- We reduced travel to only that which is determined to be critical to meet our customers' immediate needs.
- We continuously maintain a company intranet site that provides a central resource for information, communications, references and documentation.
- We have continuously communicated to all of our members that if they are not comfortable coming to work, regardless of role, then they do not have to do so.

With respect to our business response to the COVID-19 crisis, we have viewed our initiatives as having three phases – stabilize the business, establish and position the company for the new normal, and aggressively pursue new growth. We are continuously monitoring our markets and strategically adjusting our business to align with customer expectations, rightsizing our cost structure for the present while investing for the future.

Some of the business actions we concluded were necessary to address the near-term economic challenges brought on by the COVID-19 pandemic are as follows:

- We adjusted headcount through a combination of hiring freezes, reducing temporary and contractor workers, and taking other work force management actions as required.
- We reduced company officers' salaries and board of directors' fees through fiscal year 2020 (25% reduction for CEO and independent directors; 10% for all other corporate officers).
- We eliminated any annual bonus payments for fiscal year 2020.
- We substantially reduced all non-essential costs.
- We increased our focus on reducing working capital.
- We limited capital expenditures to business-critical items.
- We reduced our dividend to \$0.08125/share per quarter (one-half of last year's quarterly dividend).

Additionally, the merger agreement with Hexcel, which we initially entered into in January 2020, was terminated. After careful consideration, Woodward and Hexcel mutually concluded it would not be prudent to continue to pursue the combination and integration of our companies. Although we were disappointed with this outcome, we are confident it was the right decision for our shareholders, our members, and our customers as it has allowed us to dedicate our focus and resources toward ensuring Woodward remains strong through the pandemic and beyond.

Despite the extraordinary challenges presented by the pandemic, we have the talent, industry-leading products, technology and operational capabilities to ensure Woodward will have a vibrant and successful future. Woodward has faced many challenges over our 150-year history and, as with previous downturns, we believe we have the ability to emerge from this crisis an even stronger company.



ENVIRONMENTAL RESPONSIBILITY

THE ENVIRONMENTAL IMPACT OF WOODWARD'S PRODUCTS AND OPERATIONS

Woodward recognizes that potential changes to climate can significantly impact our environment and the global community. For the foreseeable future, the global economy relies primarily on sources of energy that may produce greenhouse gases. We further recognize that environmental responsibility is critical to our long-term viability and success. Woodward's focus is to optimize energy use for our customers' products and to support the efficient movement of people, goods and ideas around the world. This commitment to improving the global environment is reflected in our brand promise, "Always innovating for a better future."

We further commit to:

- Complying with all applicable environmental regulations and legal obligations in all the countries where we operate and do business.
- Continuously analyzing and reducing the environmental impact of our operations, especially in product development, process improvement and organizational structuring.
- Investing in sustainable and environmentally-friendly production facilities, periodically renovating, renewing and refreshing facilities to reduce environmental impact.
- Empowering our workforce to contribute to environmental responsibility efforts through individual and collective action.
- Recording and reporting our progress in future sustainability reports.

NATURAL RESOURCE CONSERVATION

In an ongoing effort to use resources responsibly, Woodward supports many energy reduction initiatives. We monitor our monthly consumption of resources and work closely with our facilities management teams to implement best practices and opportunities for energy conservation. We are taking long-term actions to reduce our consumption and emissions, as they impact every aspect of our business, from our product design, manufacturing, distribution, product use and end-of-life recycling programs.

TOTALS - SUM OF UNITS*

Natural Gas Consumption (thm)	1,793,729
Electricity Consumption (kWh)	149,852,263
Water Consumption (gal)	283,263,293
Hazardous Waste Disposed (lbs)	425,538
Hazardous Waste Recycled (lbs)	19,523
Non-Hazardous Waste Recycled (lbs)	4,533,873
Non-Hazardous Waste Disposed (lbs)	2,485,362

COMMUNITY

We seek to contribute to a sustainable community through supporting institutions, organizations, programs and initiatives that ensure our communities are desirable places to live and work.

* To provide a consistent comparison for natural resources data, Woodward established July 1, 2019 through June 30, 2020 as the reporting period (referred to in this report as "Adjusted Year" or "AY"). Locations with fewer than 50 members may be excluded from natural resources data reflected in this report.

ENERGY UTILIZATION

We realize that our operations require significant amounts of energy, and that the generation of electricity often uses nonrenewable sources. Woodward coordinates with local energy suppliers to reduce our electrical consumption during peak hours. We strive to find more efficient ways to utilize energy and reduce our total consumption of electricity. Further, we have taken steps to reduce the consumption and promote the efficient use of natural gas.

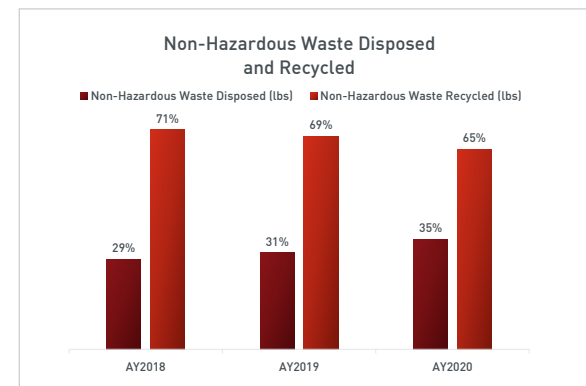
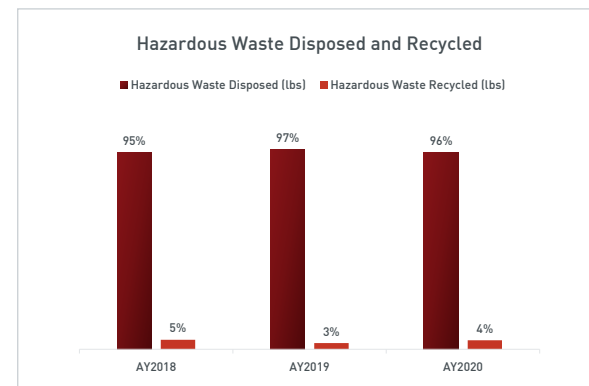
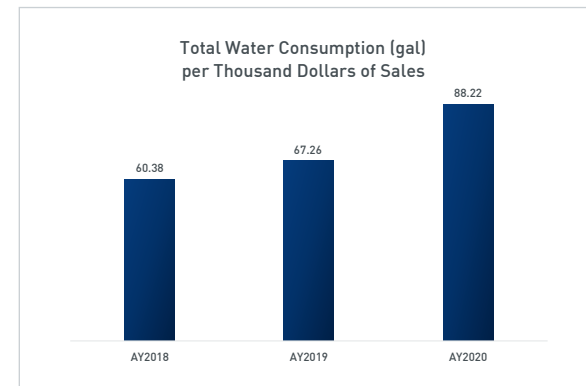
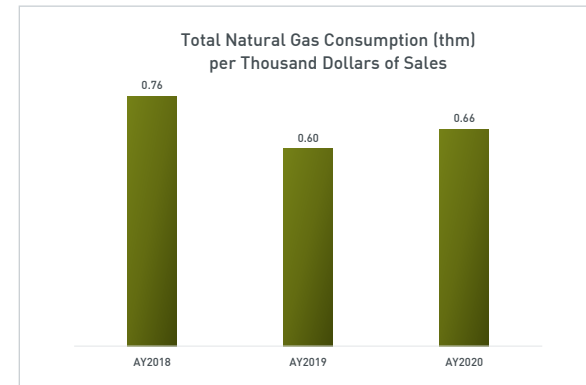
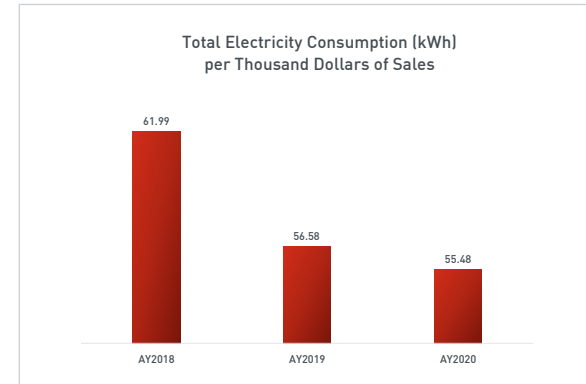
CLEAN WATER AND INDUSTRIAL WASTE

We acknowledge that water is a valuable resource and that every person should have access to an abundant and clean source of water. In an effort to optimize our water consumption, several manufacturing locations are equipped with a waste water treatment system, which allows us to pretreat waste water and return the water back to the public. We are investing in new equipment that utilizes a recycler to get secondary life out of the water used in those processes.

Our centralized water treatment systems have minimized the need to treat waste at the point of generation and decreased the associated energy requirements for multiple pieces of equipment. Water is treated using various techniques:

- Ultra-filtration removes oil and grease from water
- Chemicals are added to balance the pH levels
- Flocculation/precipitation process removes suspended solids

Hazardous and non-hazardous waste are byproducts of manufacturing operations. With that in mind, we seek to reduce the generation of waste wherever possible. We undertake considerable efforts to recycle as much material as possible and dispose of the non-recycled waste in a safe and responsible manner.





FORT COLLINS CLIMATE WISE PLATINUM MEMBER

Woodward has been recognized as a Platinum Level participant in the Fort Collins Climate Wise program since 2007. "Climate Wise" is a voluntary program that offers simple solutions to help Fort Collins businesses reduce their impact, save money and gain recognition for their achievements in energy and water conservation, waste reduction, alternative transportation and social responsibility.



RENOVATED FACILITIES

Woodward has expanded its manufacturing footprint, as demand for Woodward products has increased considerably. Where feasible, Woodward has elected to renovate existing buildings instead of building brand new structures on undeveloped land. Woodward has invested millions of dollars in such renovations and updates, including incorporating features to optimize energy use and provide a collaborative environment for our members. These investments in existing structures reflect our commitment to limiting our ecological footprint and preserving biodiversity in our communities.

Similar to our corporate headquarters, renovations to these facilities incorporate modern sustainable features, such as LED lights, daylight harvesting, occupancy sensors, low-flow toilets and faucets, high-efficiency heating and cooling systems, and a building energy management system that monitors and improves energy usage to achieve realtime savings. These renovated facilities also have a workplace layout that provides a dynamic work environment for our members. This workplace environment is conducive to collaboration and employee engagement at all levels of the organization, as well as innovation through purposeful connection spaces such as labs, operations and test facilities.



DRAKE CAMPUS IN FORT COLLINS, COLORADO

- Installed a new roof with higher insulation value and greater solar reflectance, allowing for more efficient and emission-friendly temperature regulation.
- Installed a skylight system that provides natural light transmission and optimal thermal performance.
- In addition to using all LED low-energy lighting, occupancy sensing and daylight sensing were added to reduce electrical consumption.
- All interior finishes contain either zero VOC or low-VOC, which has improved indoor air quality.
- Acoustical analysis was performed, and designs implemented into office space to improve the work environment.
- Removed and safely disposed of all machining oil from the manufacturing areas.
- Installed an onsite waste water treatment system comprised of flocculation, ultrafiltration, and PH-balancing to purify the waste water for reuse and safe discharge.



NILES CAMPUS IN NILES, ILLINOIS

- Installed a new evaporator to reduce the amount of coolant waste. Furthermore, instead of shipping off machine coolants for disposal, the coolant waste is treated onsite using a coolant recycling system.
- Lights in the office, conference rooms and restrooms are on sensors and automatically turn off when areas are unoccupied.
- 95% of the previous building on the site was reused or recycled for new construction of the building.
- Remediated hazardous material found under the previous building that existed at the time of acquiring the site.



SOCIAL RESPONSIBILITY

HUMAN RIGHTS STATEMENT

Woodward is part of a global community conscientious about the protection of human rights, working to implement practices that promote and help ensure the dignity of all people. We are committed to complying with international laws, federal and state laws, and local laws in all jurisdictions in which we operate or conduct business. To promote an ethical and moral business community, Woodward expects our members, subcontractors, suppliers and agents to support the protection of human rights. Our support for the principles set forth in the Universal Declaration of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work is articulated in the Woodward Constitution, "The dignity, value and equality of all members is acknowledged and demonstrated through our actions." We extend this principle to all our stakeholders, and seek their involvement in promoting and protecting women's rights and minority rights, and ensuring that every person is free and equal in dignity.

We require our members to promptly report any suspected human rights violations to the Woodward Ethics Help Line, and through our Supplier Code of Conduct we promote the awareness and reporting of violations of human rights and human trafficking. In the event that Woodward receives any report of suspected human trafficking-related activity, we will promptly notify law enforcement and/or the appropriate government office or agency. Any agents, subcontractors or subcontractor employees who are believed to have engaged in human trafficking-related activities will have their relationship with Woodward immediately terminated.

As a manufacturer with an extensive supply chain spanning the world, we recognize there is an elevated risk that we may encounter human-trafficking related activities through our suppliers. To promote awareness

of our shared responsibility to our community and to address the issues of human rights and human trafficking, we have implemented three basic measures:

- Require that suppliers abide by the principles set forth in our [Supplier Code of Conduct](#), which includes provisions mandating that they comply with all applicable laws that protect human rights.
- Mandate that Woodward members who interact with suppliers report concerns about violations of human rights through the Woodward Ethics Help Line or to their supervisor.
- Encourage suppliers, partners and third-parties to create their own human rights policies that focus on the protection and promotion of fundamental human rights and reasonable working conditions.

CONFLICT MINERALS STATEMENT

Woodward recognizes that there are significant adverse impacts associated with the funding of armed groups and groups conducting human rights abuses on local populations through the extraction, processing and export of certain minerals from Conflict-Affected and High-Risk Areas (CAHRAs), particularly in and surrounding the Democratic Republic of the Congo. We perform extensive due diligence of our supply chain in conformance with an internationally recognized due diligence framework to mitigate the risk that our products contain items or materials procured from sources which fund such groups, while avoiding total boycott of CAHRAs by permitting the procurement of items and materials from CAHRA sources that use verified conflict-free sourcing practices. We commit to immediately suspending or discontinuing engagement with suppliers at all levels in our supply



chain who we believe violate these precepts. We are committed to conducting business in a socially responsible manner and to maintaining supply chain transparency. We are therefore determined to partner with suppliers who are similarly committed.

We have implemented strong company management systems to ensure that we meet our Conflict Minerals commitments, including adopting an internal management structure that provides for executive oversight of our Conflicts Minerals compliance initiatives and adopting a formal Conflict Minerals Policy. We perform Conflict Minerals due diligence of our supply chain each year, and in recent years we have significantly strengthened our engagement with suppliers. We leverage diligence tools offered by third-party service providers, and we proactively engage with suppliers who do not respond to our initial requests for information related to Conflict Minerals sourcing. We encourage suppliers that report the use of smelters or refiners of concern to procure, and to request their supply chains to procure, materials from sources that use conflict-free processes. We also engage in outreach directly to smelters and refiners of Conflict Minerals to strongly encourage their participation in an independent third-party audit program to achieve conflict-free processes and protocols.

[View our Conflicts Minerals Policy](#)

ANTI-CORRUPTION

Corrupt practices can result in substantial civil and criminal penalties and detract from serving the best interests of our customers, stakeholders, members and the communities where we live and work. Woodward does not tolerate any form of bribery or other corrupt practices, including the acceptance, promise or provision of payments of gifts or other things of value to customers, suppliers, channel partners or government officials in exchange for favorable consideration. All Woodward members, suppliers and channel partners must abide by the principles established in Woodward's Anti-Corruption Policy, and our members must report violations and improper requests to the Company's Chief Financial Officer, Corporate Vice President & General Counsel or through the confidential Woodward Ethics Help Line. This ongoing commitment further supports Woodward's enduring reputation as an ethical and reliable business leader.

Our legal and ethical responsibilities are a top priority at Woodward and are regularly reinforced among our membership. For that reason, Woodward requires the following actions from its members and suppliers:

- All new members are required to participate in training within 30 days of hire that provides awareness of Woodward's Anti-Corruption Policy, ethics and integrity and acceptable business practices. Refresher training is facilitated as needed through Woodward's internal online learning platform. Face-to-face training is also conducted periodically and as needed. This training provides detailed guidance on how members can report concerns, including how members can submit reports through the confidential Ethics Help Line.
- Woodward affirms that it is the right of every member to utilize the Ethics Help Line to report possible violations of the Anti-Corruption Policy. The Ethics Help Line provides direct access to members in communicating with Global Legal & Compliance or the Board in a discrete and anonymous manner.
- Woodward has published a [Supplier Code of Conduct](#) that includes requirements to comply with anti-corruption laws and regulations. Woodward requires its suppliers to comply with the principles set forth in that Supplier Code.

“We believe Woodward does more than provide jobs in the communities in which we operate. We are deeply committed to supporting programs and organizations that ensure our communities are desirable places to live and work. We cultivate a spirit of volunteerism by encouraging our members to be involved in their communities.”

TOM GENDRON, CHAIRMAN AND CEO

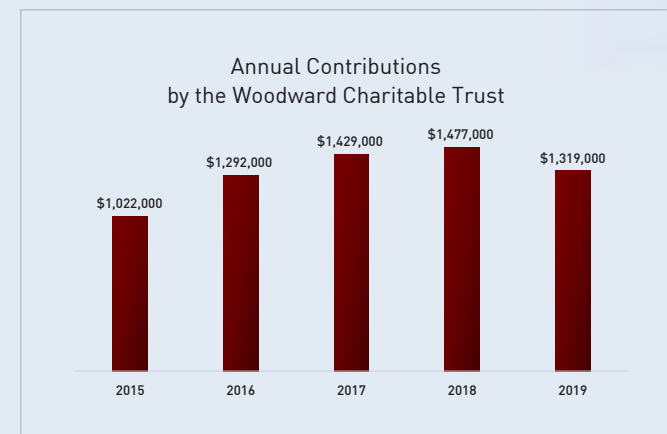
GIVING BACK TO OUR COMMUNITIES

At Woodward, philanthropy is an important aspect of our commitment to strengthening our communities. We recognize that when our communities thrive, we all benefit. Whether by contributions made through the Woodward Charitable Trust, contributions to local non-profits, promoting personal contributions from individual members, or direct volunteer activities by our members, we promote the well-being of the communities in which we live and work.

CHARITABLE GIVING

Founded in 1947, the Woodward Charitable Trust (the “Trust”) is an independent foundation managed by a Board of Trustees. The objective of the Board of Trustees is to ensure that disbursements from the Trust have a meaningful and positive impact on our communities. To support this objective, the Board of Trustees solicits recommendations from committees established at each Woodward location in the U.S. and then makes disbursement decisions based on local needs and priorities.

Woodward makes annual contributions to the Woodward Charitable Trust, which has increased its annual contributions to various charities over the last decade and beyond, with donations exceeding \$1.3 million in 2019.



LOCAL CHARITABLE GIVING INITIATIVES



SANTA CLARITA

PROVIDED OVER \$49,000 TO UNITED WAY OF GREATER LOS ANGELES THROUGH THE ANNUAL MEMBER GIVING INITIATIVE, WHICH SUPPORTS EDUCATION, ECONOMIC MOBILITY AND ENDING HOMELESSNESS. RAISED OVER \$4,400 FOR LIGHT THE NIGHT IN SUPPORT OF THE LEUKEMIA & LYMPHOMA SOCIETY IN MEMORY OF DEE DEE GARCIA, A SR. BUYER AT WOODWARD WHO LOST HER BATTLE WITH CANCER.

FORT COLLINS

PROVIDED SUPPORT TO *GIVENEXT*, AN INITIATIVE IN THE LOCAL SCHOOL DISTRICT THAT TEACHES OUR YOUTH ABOUT THE IMPORTANCE OF GIVING BACK TO THEIR COMMUNITIES. THE SPONSORED CLASSROOM RESEARCHES LOCAL NON-PROFITS, ORGANIZES FUNDRAISING ACTIVITIES, AND USES RAISED AND SPONSORSHIP FUNDS TO DONATE TO DESERVING LOCAL CHARITIES. EVERY HOLIDAY SEASON, COLORADO MEMBERS DONATE GIFTS TO MORE THAN 200 CHILDREN AS PART OF THE LARIMER COUNTY FOSTER AND ADOPTIVE FAMILY PROGRAM.

ZEELAND

EACH YEAR, WOODWARD MEMBERS IN ZEELAND, MICHIGAN ORGANIZE A FUND DRIVE TO BENEFIT WEST MICHIGAN UNITED WAY’S INITIATIVE OF THE HEART. THESE ANNUAL FUND DRIVES ALLOW WOODWARD MEMBERS IN ZEELAND TO HAVE FUN PARTICIPATING IN DRAWINGS, POTLUCK MEALS, AND VARIOUS “SPIRIT WEEK” ACTIVITIES WHILE GIVING GENEROUSLY TO AN IMPORTANT CAUSE. UNITED WAY, ALONG WITH ITS AGENCY PARTNERS, SUPPORTS THOSE IN NEED THROUGH HOUSING, FINANCIAL SECURITY, YOUTH EDUCATION, FOOD SECURITY, FAMILY CRISIS AND MENTAL/BEHAVIOR HEALTH.

ROCKFORD

MEMBERS PARTICIPATE IN AN ANNUAL FOOD DRIVE THAT BENEFITS THE NORTHERN ILLINOIS FOOD BANK, WHICH INCLUDES VOLUNTEERING TO HELP HAND OUT FOOD AT THE MOBILE PANTRY EVENTS. SEVERAL MEMBERS ALSO VOLUNTEER TIME WITH ROCKFORD SHAREFEST, WHICH IS AN ORGANIZATION THAT PROVIDES BUILDING MAKEOVERS FOR LOCAL SCHOOLS AND OTHER ORGANIZATIONS.

GREENVILLE

CONTRIBUTED FUNDS TO SUPPORT FOOTHILLS FAMILY RESOURCES, A NON-PROFIT THAT PROVIDES WORKFORCE DEVELOPMENT TRAINING FOR LOW-INCOME FAMILIES IN NORTHERN GREENVILLE COUNTY. FUNDS HELPED REVAMP A SOFT-SKILLS COURSE RESULTING IN AN IMPROVED EMPLOYEE RETENTION RATE AT PARTICIPATING BUSINESSES.

VOLUNTEERISM

Each year, Woodward members proactively contribute to their communities through individual and coordinated volunteer activities, including Woodward-sponsored events. This emphasis on philanthropy has resulted in thousands of hours and dollars in donations to charitable causes. Some of the events and initiatives Woodward members participated in, volunteered for or contributed to, include:

- Colorado members donated more than \$130,000 to the United Way of Larimer County, a non-profit organization dedicated to improving educational outcomes for youth, empowering communities through volunteerism and supporting initiatives that decrease the need for social services.
- Members from Woodward’s Krakow facility participated in the 13th annual Złombol Race benefitting Poland’s orphaned children. The race began in Katowice, Poland and finished in Ireland. 449 teams participated in the race raising money to sponsor youth adventure and camping events.
- Members from Zeeland, Michigan organize a blood drive two times each year in partnership with Versiti Blood Center of Michigan. Members gave 40 pints of blood to help individuals in need of blood transfusions during surgeries, cancer treatments, chronic illnesses and traumatic injuries.
- Makuhari, Japan team members participated in an area cleanup around the Zozo Marine Stadium in Chiba, just outside Tokyo, Japan. This community effort beautified the neighborhood surrounding the stadium, decreasing the presence of trash in the economically important area.
- Members from Santa Clarita held a Career day in support of Carousel Ranch, which supports young adults with special needs in preparing for employment and employment training. Members held mock interviews for Carousel Ranch clients.

EDUCATIONAL INSTITUTION COLLABORATION

Woodward is invested in the continued collaboration between business, industry and education. As a leading manufacturer in aerospace and industrial products, Woodward's partnerships with educational institutions allow for the exchange of knowledge and creative solutions to complex challenges. Our partnerships benefit all of our stakeholders. Students and staff at educational institutions gain practical experience concerning industry applications, and Woodward gains new insights and perspectives into solving problems. For these reasons, Woodward has built and maintained positive relationships with the following institutions:

FORT COLLINS / LOVELAND, COLORADO



- Participated in annual placement of two machining students who work for Woodward part-time while attending classes focused on technical and industrial skills.



- As part of the transformation of Woodward's Drake campus into an aerospace components and systems production facility, we partnered with Aims Community College to provide an intensive mechanization orientation program for over 190 employees.



- Sponsored annual Senior Design Project to support a capstone engineering design course in the department of mechanical engineering, where students gained real-world engineering design experience by collaborating with Woodward employees to simulate the development process in an engineering and manufacturing company.
- Provided a Woodward-orientation day at the School of Business and School of Engineering to give an overview of our operations and business segment to interested students.



- Conducted resumé review and mock interviews for high school students interested in embarking on technical-skills careers in manufacturing.
- Provided calibration to tools and machines in the local school district's machine shop.
- Annually placed two school district employees in a manufacturing setting as part of a collaboration program to keep educators up to date with new machining processes and applications.

ROCKFORD, ILLINOIS



- Sponsored a booth at the Academy Expo to highlight future employment opportunities to high school freshmen interested in industrial arts.
- Offered site visits and tours of industrial facilities to area high school sophomores to expose them to various careers and professional opportunities in the aerospace and industrial markets.
- Provided structured job shadow opportunities for high school juniors, mock interviews and resumé reviews for seniors.
- Coordinated manufacturing tours for area educators to observe industrial occupations in action and prepare them for discussions on career opportunities with their students.

Rock Valley College



Northern Illinois University

- Partnered with Rock Valley Community College and Northern Illinois University to provide students with practical experiences leading to the completion of manufacturing and engineering degrees.



INTERNSHIP PROGRAM

Woodward’s internship program is an outstanding example of our efforts to collaborate with, and learn from the talented people and organizations in our communities. Each year through internships in various departments, we introduce students to our business, operations and practices. Our primary goal for the internship program is to provide our interns with practical experience while leveraging the new knowledge and ideas they bring from their distinct experiences. Our future relies on the capabilities and talent of the next generation of leaders.

Woodward’s internship program hosts university-level students to work at our various worldwide locations in a wide array of subject areas, such as engineering, finance, accounting, IT and legal. In our Illinois and Colorado locations, we also offer internship programs that cater to non-university students interested in advanced manufacturing, machining and computer numerical control (CNC) technologies.

YEAR	NUMBER OF UNIVERSITY INTERNS	CONVERSION RATE FOR GRADUATING SENIORS	PERCENTAGE OF INTERNS RATING EXPERIENCE AS "GOOD" OR "EXCELLENT"
2018	145	41%	99%
2019	105	35%	98%



SPEAKING OF INTERNS . . .

Meet our Sustainability Reporting project team (pictured from right to left):

Terran Hause (former Woodward intern, graduate of UCLA School of Law, contractor and team lead)

Brandon Ward (Woodward intern, University of Colorado Law School, U.S. Army Reserve)

David Stebbins (Woodward intern, Finance and Accounting, Colorado State University)

Not pictured: **Esther Blanco** (Woodward intern, University of Colorado Law School)

With guidance from Woodward’s Global Legal & Compliance Department, this talented team researched the global standards for sustainability reporting, conducted interviews, gathered and analyzed the data, and drafted the report you are currently reading. **Well done!**



03

SHAREHOLDERS

Sustainability is a key factor in our strategic plans, ensuring that our shareholders receive a return that represents a long-term superior investment.

BOARD OVERSIGHT OF RISK

On behalf of Woodward's shareholders, the Board oversees and advises our leadership team with regard to risk identification and mitigation, particularly in areas of business strategy, succession planning, financial controls and reporting, compensation, governance, and ethics and compliance. To facilitate this oversight, the Board has established various committees composed entirely of independent directors.

The Audit Committee is responsible for:

- Overseeing risks relating to the Company's financial statements and financial reporting processes
- Evaluation of the effectiveness of internal and external controls over financial reporting
- Overseeing Woodward's business conduct and ethics program

The Compensation Committee is responsible for:

- Monitoring risks associated with the design and administration of Woodward's executive compensation programs and equity compensation plans
- Administering and reporting to the Board the annual performance review of the CEO
- Ensuring the independence of our compensation consultants

The Nominating and Governance Committee oversees risks relating to:

- Woodward's corporate governance processes
- Administration of the Director Guidelines
- Compliance with the Sarbanes-Oxley Act, SEC and NASDAQ rules and regulations, as well as other state and federal laws and regulations relating to corporate governance
- Reviewing and reassessing the adequacy of the Company's Code of Business Conduct and Ethics and related processes

While the Board and its various committees have oversight responsibilities for risk management processes, management has responsibility for the day-to-day aspects of risk management. The Board and its committees receive regular reports on risk management from Company management and independent auditors. Such direct access to management allows Board members to solicit additional information, focus their inquiries and oversight, and provide more direct feedback regarding risk identification and mitigation.

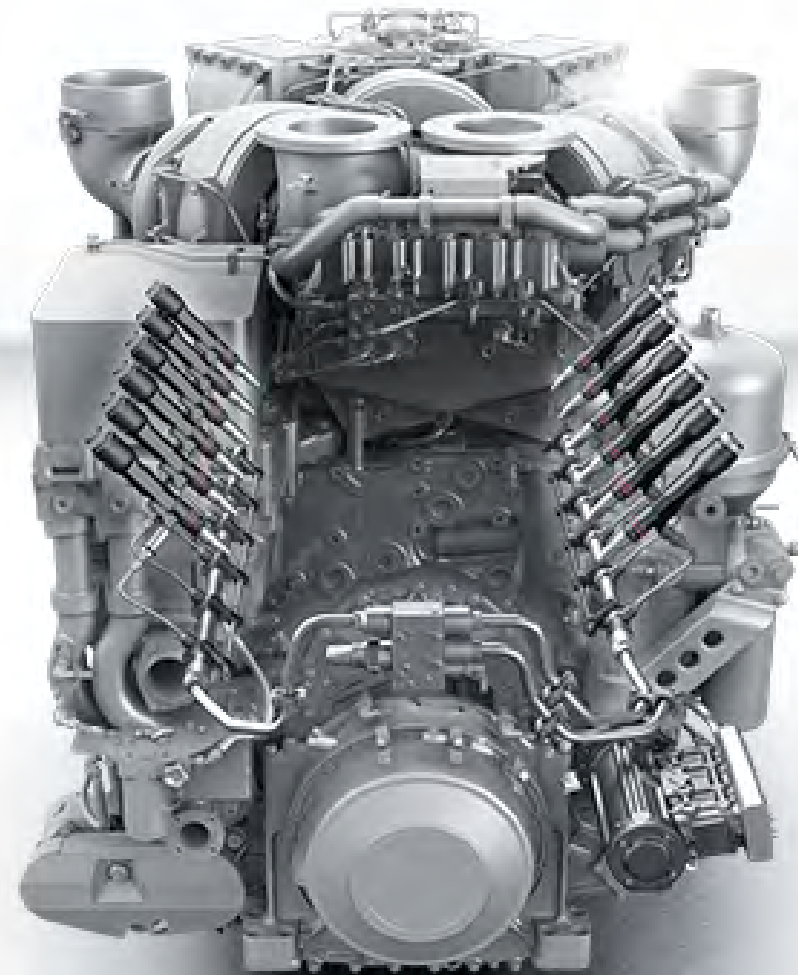
A full description of the Board's responsibilities is available in our [2019 Proxy Statement](#).

WOODWARD L'ORANGE

L'Orange GmbH, formerly a division of Rolls Royce, was acquired by Woodward in 2018. L'Orange is a leader in fuel injection technology for diesel, heavy fuel oil and dual-fuel engines used in a wide range of industrial applications including: marine power and propulsion systems, power generation, oil and gas processing, locomotives and other industrial vehicles. L'Orange brings an innovative team of more than 1,100 members, a strong patent portfolio and an established customer base that complements Woodward's business. This business – now called Woodward L'Orange – will facilitate opportunities to deepen relationships, cross-sell products and diversify our business.

L'ORANGE AS A STRATEGIC FIT

- Premier technology and system provider to industrial engine market
- Global leader in fuel injection technology
- Enhances global customer base and strategic relationships
- Broad R&D capabilities and large intellectual property portfolio
- Large installed base supporting high-margin aftermarket business
- Significant synergy opportunities



MANAGEMENT OF GLOBAL ENVIRONMENTAL RISKS

United Nations climate projections currently predict that global temperatures will rise above 2°C by the end of the 21st century. In the event that this prediction materializes, Woodward considers the following to be among our key associated risks and opportunities:

RISKS

- Disruptions to supply chain and increased costs to acquire materials due to degradation of transportation networks or supplier access to raw materials.
- Facilities, production plants and surrounding communities could be impacted by threatening weather events or natural disasters influenced by increasing global temperatures.
- Governments may take aggressive action to counteract climate change or enact measures to restrict technologies that produce greenhouse gases.

OPPORTUNITIES

- Woodward maintains diversity across a global supply chain, and if weather or environmental factors affect one area, Woodward is positioned to secure alternate suppliers to meet its requirements.
- Woodward's production focus is geared toward highly efficient products used in control modules and power generation, enabling reduced emissions. By concentrating on improving energy efficiency emissions for our products and in our customers' products, Woodward is uniquely positioned to assist global efforts to increase energy efficiency and reduce greenhouse gases.
- Woodward periodically assesses facility needs in line with environmental conditions and has made considerable investments in facility design and layout that best fit the surrounding environment, and we will continue this practice to ensure our facilities are prepared to effectively manage environmental challenges.

CORPORATE ALIGNMENT

Our company is structured to provide appropriate oversight to ensure we achieve our strategic objectives and benefit all stakeholders. We recently undertook a significant realignment of our business group management and reporting structures, providing greater insight into our Aerospace and Industrial segments, and shifting operational focus to be more responsive to our customers. We implemented a corresponding realignment for our global support functions.

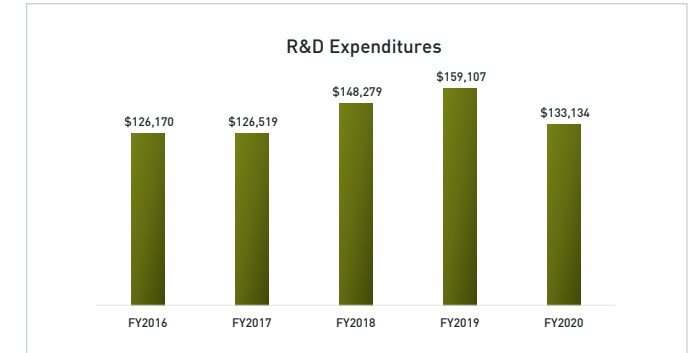


RESPONSIBLE CORPORATE INVESTMENT

At Woodward, fulfilling obligations to our stakeholders is a top priority. We only invest financial resources in ways that promote corporate sustainability and provide a continuing return to shareholders. Some of the ways Woodward investments benefit shareholders include:

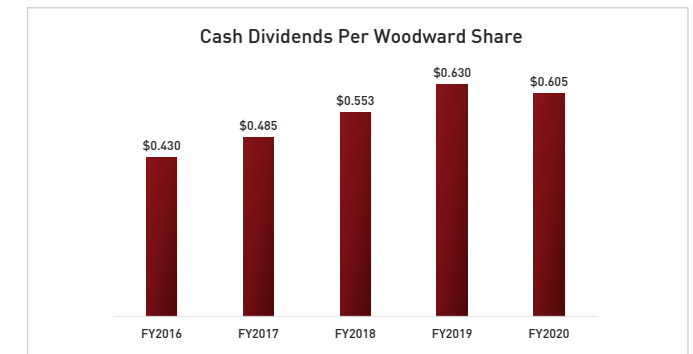
RESEARCH AND DEVELOPMENT

Investment in research and development directly contributes to Woodward’s competitive edge and makes the Company a leader in energy efficiency and control components for aerospace and industrial customers. Improved energy efficiency fundamentally means that engines and other energy-harnessing machines consume less fuel, which together with our emissions reduction technologies, contributes greatly to reduced greenhouse gases and conservation of non-renewable energy sources.



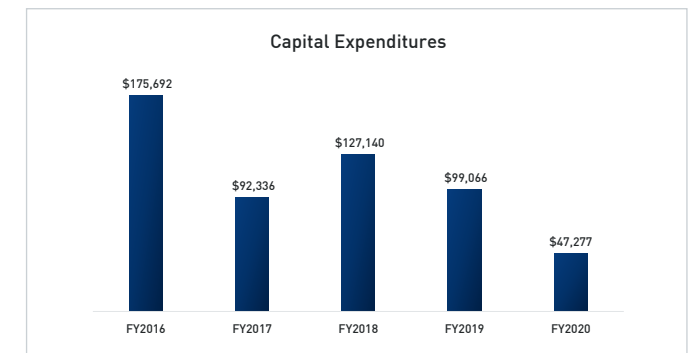
RETURN TO SHAREHOLDERS

Woodward’s consistently strong performance enables us to directly return those benefits to shareholders through share repurchases and increasing dividends. With the exception of recent changes to dividend policy as a result of the macroeconomic impacts of the COVID-19 pandemic, Woodward continues to increase its total dividend distributions year over year, reflecting corporate confidence in the Company’s continued performance and direction.



CAPITAL EXPENDITURES

In 2018, Woodward renovated its existing Drake Campus – originally constructed in 1955 – with emphasis on incorporating designs that optimize operational performance while minimizing emissions and waste. This represents a significant capital investment and demonstrates Woodward’s steadfast commitment to operating in a fiscally and environmentally responsible manner, while improving responsiveness to our customers’ needs.





04

CUSTOMERS

Woodward is committed to customer satisfaction in every product, solution and interaction. We continuously seek to partner with our customers, providing the highest value systems, components and services that contribute to their success.

TRUE NORTH – OUR OPERATIONAL EXCELLENCE JOURNEY

For over 50 years, our commitment to operational excellence has been expressed as a concept we call “True North.” True North is one of the key elements of our five-year strategic plan, and incorporates the following elements:

SAFETY AND QUALITY

Utmost regard for members’ and end users’ safety, along with the goal to achieve perfect quality, requires continuous process vigilance and rapid identification of opportunities for improvement. True North guides us to achieve these objectives through several control platforms and measurement systems monitored at the highest level.

PRODUCTION

Operational excellence is essential to establishing and sustaining Woodward’s position as a valued partner to our customers and to providing long-term returns for our shareholders. True North guides our production processes through measurement and analysis systems to keep members engaged on high-value-added tasks and focused on the critical elements of the production line. To further eliminate waste and increase efficiency in production, we continue to invest in our members, encourage problem solving and provide meaningful work.

COMMUNICATION

Woodward has instituted several systems over the years to improve team communications and leader engagement, which includes an issue-elevation system open to any member involved in the manufacturing process that is also tied to significant time-milestones for resolution. We have also created a daily guide for leaders to engage with team members to resolve issues, identify best practices and improve workflow efficiency. The application and effectiveness of this technique are incorporated in leader performance assessments. We have implemented a system whereby any member in the manufacturing process has the ability to identify concerns and rapidly escalate the issue if not resolved in a timely manner.

PRODUCT MANAGEMENT

At Woodward, we are continuously trying to solve problems and improve our products. True North performance captures our efforts to maintain engagement with our customers to meet their needs. We use customer requirements blended with risk identification to design product solutions.



TRUE NORTH CULTURE

“We meet commitments and deliver results through True North performance – one Woodward without waste, world-class safety, perfect quality, perfect delivery and customer satisfaction – in all our activities.”

TRUE NORTH PERFORMANCE

In pursuit of operational performance, quality and continuous improvement, Woodward established our True North team with the objective of promoting the elements of the Woodward Production System.

WOODWARD PRODUCTION SYSTEM (WPS)

Four separate elements work together to promote operational performance, manage production and improve product flow. Each element incorporates various inputs to provide leaders with continuous feedback to identify constraints and opportunities for improvement.

VALUE STREAM ARCHITECTURE (VSA)

- Pull and continuous product flow
- Safety and occupational health measures

LEADER STANDARD WORK (LSW)

- Production issue responsiveness with an emphasis on an effective Andon system that provides an avenue to deescalate issues immediately
- Continuous leader engagement through GEMBA (consistent visits where the work is done), mentoring and reflection

CONTINUOUS IMPROVEMENT (CI) AND PROCESS ADHERENCE

- Expert assistance
- Best-practice documentation and dissemination

SALES, INVENTORY AND OPERATIONS PLANNING (SIOP)

- Optimized material and equipment layout and design
- Enhanced customer demand and forecasting
- Improved inventory and supply management

DAILY MANAGEMENT SYSTEM (DMS)

DMS is an established process that includes a review and analysis of a standard set of metrics to allow leaders and members to quickly understand how each value stream has performed against established goals. This process quickly communicates results against key performance objectives, which we refer to as "SQDRC" metrics:

- [S] Safety – Focus on improving member safety and eliminating workplace injuries through the implementation and refinement of protective measures
- [Q] Quality – Aligning product features and performance to customer requirements, focusing on zero defects
- [D] Delivery – Measuring and improving product completion timeliness, reducing obstacles to completion
- [R] Responsiveness – Developing processes that are flexible to unforeseen demand or input changes
- [C] Cost – Designing work flow to maximize output while minimizing labor and resource costs

An essential element of DMS is an established cadence and, from the beginning to the end of each shift, provides designated checkpoints to share information and deescalate problems.



ALWAYS INNOVATING

For 150 years, Woodward has specialized in selling products and solutions that improve efficiency and energy control in our customers' engines and energy-harnessing components. We pride ourselves on being responsive to our customers' needs and on devising solutions that make manufacturing more energy-efficient, are more cost effective, and decrease emissions and waste. Our sales prove that our efficiency-focus is on target.

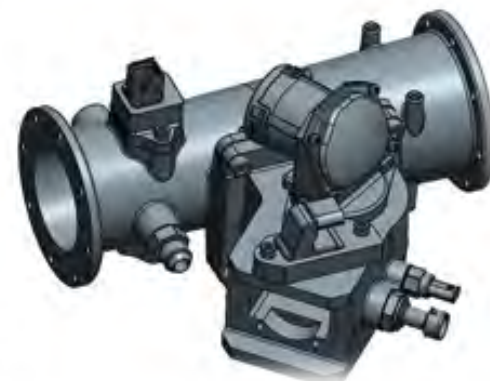
Here are only a few examples of the more than 20,000 products that we make and sell that are designed to improve performance, reduce emissions and increase efficiency in our customers' products and systems.

MEETING CUSTOMER EXPECTATIONS

As global emissions standards continue to become more stringent, Woodward recognizes it is imperative that we continue to design and manufacture innovative systems to meet or exceed standards imposed by law and custom or demand. Woodward's OH6 product line demonstrates our continuous commitment to satisfy customer expectations by consistently reducing emissions, maintaining fuel efficiency and improving air quality.

Woodward designed the OH6 system to meet the China VI* emissions standards for natural-gas-powered vehicles that became effective in 2019. To meet these standards, Woodward's OH6 team designed a system that enables a natural-gas engine to have fuel efficiency similarly to a diesel engine, without the more complex and expensive exhaust aftertreatment required for diesel fuels. The OH6 system includes, among other items, the Exhaust Gas Recirculation (EGR) System with Venturi Jet Pump, depicted here. Woodward's OH6 Team continues to improve the OH6 System to reduce emissions and lower the cost of aftertreatment while improving operational efficiency in numerous applications.

"We are very satisfied with the performance shown in the phase 1 testing of our 10L engine using the Woodward EGR Module. It really does have a lot of benefit for improving engine efficiency. Based on the performance shown, we plan to include it on our 10L, 12L and 13L engines." – Hualing CAMC



EGR SYSTEM WITH VENTURI JET PUMP
PLATFORM PRODUCT THAT CAN BE EASILY MODIFIED TO
ACCOMMODATE DIFFERENT SYSTEMS AND APPLICATIONS

* CHINA VI IS A LEVEL OF THE CHINESE EMISSIONS STANDARDS THAT BECAME EFFECTIVE IN 2019 AND IS PART OF AN INCREMENTAL EFFORT TO REDUCE GREENHOUSE GAS EMISSIONS BY FUEL-BURNING COMMERCIAL AND PERSONAL VEHICLES. FOR MORE INFORMATION, PLEASE SEE [HTTPS://WWW.DIESELNET.COM/STANDARDS/CN/LD.PHP](https://www.dieselnet.com/standards/cn/ld.php).

INDUSTRIAL APPLICATIONS



EXHAUST GAS RECIRCULATION (EGR) MODULE

Woodward's EGR Module – with integrated Air, Fuel and EGR – delivers higher EGR rates with lower parasitic pumping work than traditional systems, and when combined with Woodward's model-based controls, improves air-fuel ratio tracking, for a combined fuel economy improvement in on-highway gas engines by a market-leading 3-5%.



TECJET™ 52 GEN II

The TecJet™ is an electronic gas metering valve for singlepoint injection. It has integrated sensors and electronics, which provide the correct gas flow under all specified conditions. From butane down to landfill gas, the TecJet valve provides flexible and accurate metering for a multitude of industrial and commercial applications requiring gas flow precision. This upgraded version provides superior performance with a reduced weight and package size compared to competitive products.

AEROSPACE PRODUCTS



HYBRID LAMINAR FLOW CONTROL

With our HLFC system, turbulent airflow is pushed as far back along the aircraft as possible. When the HLFC is placed in an optimal location on an aircraft's wings or tails, the aircraft is more aerodynamic resulting in greater energy efficiency and smoother flights.



GE9X ENGINE TURNING UNIT

In order to meet demanding operating efficiency requirements, the GE9X engine, the high bypass turbofan for the Boeing 777X, operates at higher temperatures requiring a unique approach to thermal management. The engine turning unit utilizes an efficient Woodward permanent magnet electric motor to continuously rotate the engine main shaft after each flight to prevent rotor bowing.



MEMBERS

Active member participation, contribution and engagement are keys to our success. We seek to provide a work environment that fosters growth, encourages self-development and provides meaningful work. Our compensation strategy provides competitive pay, benefits and incentives. We are continuously investing in the advancement of our members' skills, professional and leadership development.

OUR MEMBERS

At Woodward, we promote an inclusive workplace that is free from discrimination and harassment so that members have the opportunity to perform at their greatest potential and contribute to the team in creative ways.

OUR WORKPLACE

Our facilities provide open, safe and healthy workspaces. To ensure that we afford all members a safe workplace, we have established various emergency response, safety and security procedures, and members are trained in these procedures. We also have policies to address violence or threats in the workplace, and have established protocols for members to report concerns and to ensure that such concerns are taken seriously and promptly investigated. In the interest of ensuring a safe and productive workplace for everyone, we have established policies that require members to perform their work free from the influence of any substance, legal or illegal, that could impair job performance. We have established protocols to fairly assess reports that any member is impaired at work. Woodward also provides access to resources to help members who believe they have a substance-abuse problem.

In many of our facilities, we have reduced the number of walled offices and instituted an open-concept work environment that promotes communication and collaboration. Our production areas are also laid out in an open manner to promote safety, visibility and communication so that production issues can be quickly identified and promptly addressed. We have meticulously designed office and production work areas to take advantage of the benefits of natural lighting, and we provide multiple collaboration spaces, including outdoors. We periodically refine our layouts based on observations and member feedback. Members have responded positively to office and manufacturing workplace improvements since the initial adoption of the concept across the Company beginning in 2014.

EQUAL EMPLOYMENT OPPORTUNITY

We are committed to providing equal employment opportunity for all qualified members and applicants without regard to race, color, religion, age, sex, national origin, disability, sexual orientation, gender identity or expression, veteran status, marital status, genetic information, or any other protected class, and to make all employment decisions in accordance with this principle of equal employment opportunity.

WAGE, HOURS AND BENEFITS

Woodward follows all applicable wage and hour laws including minimum wage, overtime and maximum hour rules in all countries where we do business. Woodward provides competitive wages and other benefits to attract and retain top talent. We also provide members with opportunities to develop their skills and enhance their business and professional acumen to support future success, both for the member and for the Company.





FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Woodward complies with laws and regulations that address the rights of members to freely associate. In circumstances where members are covered under a collective bargaining agreement or represented through a labor union, works council, or other body, we are committed to maintaining a constructive dialogue regarding the interests of both affected members and the business. Woodward is committed to bargaining in good faith with such representatives in accordance with applicable laws, regulations, agreements and sound business practices. However, we firmly believe that direct engagement between management and our members is the best and most effective means of addressing issues and safeguarding the interests of all parties.

PRIVACY

Woodward has established policies and practices that demonstrate our commitment to protecting the personally-identifiable information (PII) or any pertinent personal health information (PHI) that our members entrust us with. We do not collect, access, use, retain or disclose PII or PHI, except for relevant, specific, appropriate business purposes and for other community-based activities as permitted or mandated by law. Woodward uses personal data only for the purpose for which the data was originally collected. Woodward takes reasonable and appropriate security measures to safeguard members' personal information. Where appropriate and authorized by law, members can request access to, modification of, or deletion of their personal data held by Woodward. To ensure that we remain in compliance with applicable laws and regulations, members must adhere to local procedures when making such requests.

WOODWARD'S DIVERSE AND INCLUSIVE WORKFORCE

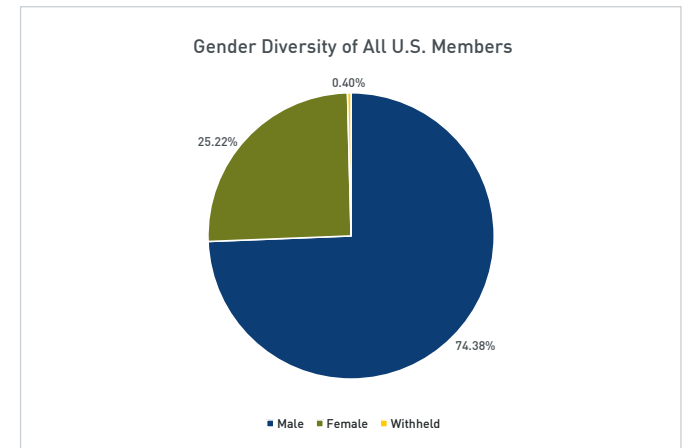
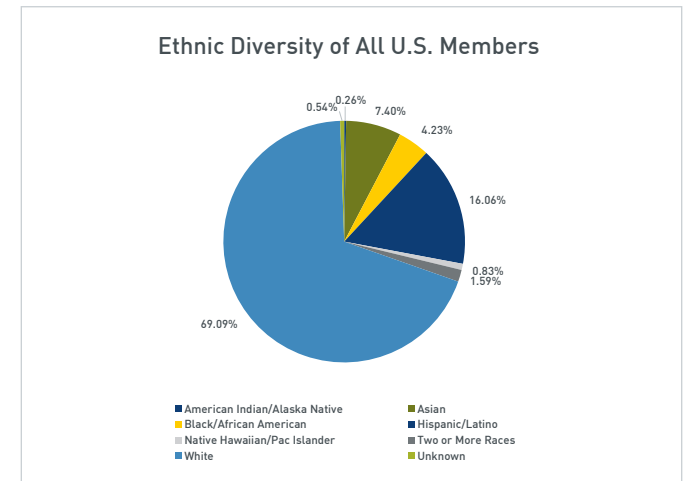
As a global company, Woodward fosters an inclusive environment that acknowledges, values, and leverages the diversity and uniqueness of each member to the benefit of all stakeholders. The way we see it, the combination of diverse perspectives and backgrounds is a powerful force for innovation. The key to harnessing the diversity of our global workforce is through fostering a climate that permits all of our members to bring their authentic selves to work – this is how we define “inclusion.” The first value set forth in our Constitution is “Respect for the Individual” – where the dignity, value and equality of all members, regardless of race, color, religion, age, gender or sexual orientation, is acknowledged and demonstrated through our actions. All members are accountable to actively promote an inclusive and respectful workplace.

To promote these core values, Woodward has established training programs under the “Living the Constitution” category. Members and leaders are encouraged to participate in these online programs, in-person seminars and workshops to help them identify and address implicit biases, create more effective and efficient team-building skills, and enable members to appreciate diverse perspectives.

ALL STAKEHOLDERS BENEFIT FROM AN INCLUSIVE ENVIRONMENT THAT PROMOTES:

- Highly motivated, collaborative and engaged membership.
- Collective and diverse perspectives, bringing innovative solutions to processes and strategies to the benefit of our customers and other stakeholders.
- An abiding commitment to the values and principles of the Woodward Constitution, reinforcing the Woodward brand and fostering a culture of inclusivity.
- Higher overall job satisfaction, resulting in increased productivity and better member retention.

Woodward strives to be an even more inclusive company, representative of the populations and communities where we operate. We will continue to pursue opportunities to bring diverse perspectives, experiences and backgrounds into the Company.



MEMBER OCCUPATIONAL HEALTH & SAFETY

The health and safety of our members is a top priority. Members deserve a safe environment and reassurance that health and wellbeing are of the utmost concern. Woodward has implemented appropriate procedures and precautions to ensure the continued safety of our workforce. We not only strive to comply with all federal and local workplace Occupational Health and Safety laws and regulations in the various regions where we do business, but we continue to look for ways to go beyond compliance, utilizing our continuous improvement discipline to pro-actively eliminate risks to members. Furthermore, we collaborate and coordinate with our channel partners, suppliers and customers to achieve business objectives in a safe and healthy manner.

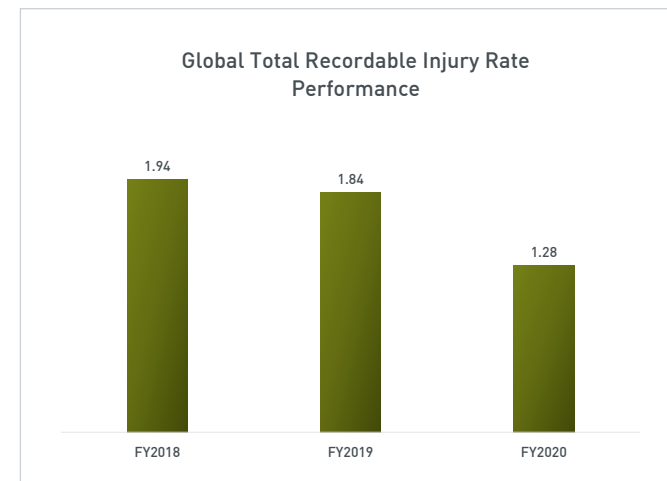
INCORPORATING SAFETY INTO DAILY OPERATIONS

In our production operations, we emphasize safety before any other consideration. As part of the daily production standup meetings, leaders conduct a "Leading with Safety" discussion with team members to emphasize key safety considerations and focus the team on remaining vigilant in the workplace. Furthermore, we assess team safety metrics as an element of our Daily Management System and post-performance data in work areas visible to all teams as a clear and consistent reminder for all members to place safety first.

RESULTS

With the Health and Safety of our members continuing to remain at the forefront through proactive safety measures, Woodward has not experienced a workplace fatality in more than 20 years. Our focus on safety is demonstrated in our safety metric performance and by our steady decline in our Total Recordable Rate for Injuries in the workplace.

View our [EH&S Policy](#).



LEADERSHIP

Woodward's leadership is essential to our strategy of incorporating safety-centered processes into our daily operations. In support of this strategy, Woodward created an enterprise position at the corporate level to oversee and provide comprehensive strategic direction, thereby ensuring the continuous maturity of our Environmental, Health and Safety programs. The Leadership Enterprise position is charged with creating and implementing global standardized safety policies, incorporating best safety practices in manufacturing operations and monitoring the environmental impact of our worldwide operations.



COMPENSATION STRATEGY

We firmly believe that our members are the reason for our success, so we make significant efforts and investments to provide expansive continued training and education opportunities, as well as competitive compensation and benefits. In addition to providing meaningful work and efforts to be the "Employer of Choice" for existing and prospective members, Woodward has adopted a comprehensive approach to member compensation and benefits.

Our compensation strategy includes, but is not limited to, financial compensation (both base salary and performance-based variable pay), indirect financial benefits, health and welfare benefits, career fulfillment objectives and work environment amenities.

Woodward conducts annual reviews of the competitiveness of our pay and benefit programs. Salary structures are benchmarked and adjusted annually to reflect fluctuations in the competitive market. Short-term and long-term incentive targets are reviewed annually, and changes are made as appropriate in order to attract and retain world-class employees.

Woodward conducts global assessments biannually to evaluate all elements of our compensation offerings. To ensure that we remain competitive with local markets, Human Resource leaders in each country participate in these reviews of the compensation offerings in each region. Proposals for realigning compensation offerings are carefully evaluated and changes are made from time to time as warranted.

93%
OF MEMBERS
OPT INTO EMPLOYER SPONSORED
HEALTH INSURANCE
WOODWARD SPENT \$71 MILLION
ON HEALTH COVERAGE

401(K)
CONTRIBUTIONS
WOODWARD OFFERS UP TO 4.5% TOTAL
401(K) MATCH, AND AFTER 2 YEARS
OF EMPLOYMENT WITH THE COMPANY,
CONTRIBUTES AN ADDITIONAL 5% OF
U.S. MEMBERS' SALARIES TOWARD
THEIR RETIREMENT FUNDS IN THE FORM
OF WOODWARD STOCK. THE AVERAGE
ANNUAL CONTRIBUTION WOODWARD
MAKES FOR U.S. MEMBERS IS 9.8%

94%
OF MEMBERS
TAKE ADVANTAGE OF EMPLOYER MATCH -
WOODWARD SPENT \$34.4 MILLION
ON 401(K) MATCHING CONTRIBUTIONS

PROFESSIONAL DEVELOPMENT

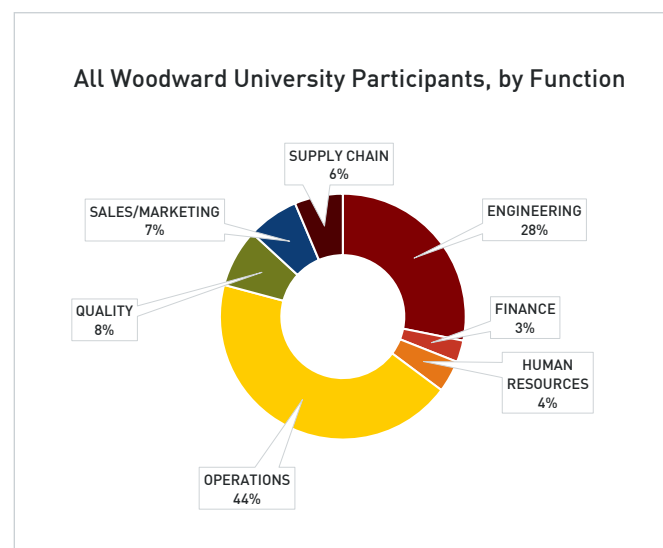
Woodward recognizes that its members are essential to achieving the Company's strategic objectives. For this reason, we continue to invest in our members by providing opportunities for professional development as we promote lifelong learning.

WOODWARD UNIVERSITY

Woodward University engages members at all levels of the organization and centers learning programs on four broad content categories – values-based development (designed to align our members with our corporate values), leadership development, enterprise business processes and functional (technical) development. Learning is linked to performance management programs as part of an integrated talent management strategy. What we offer is beyond just instructor-led training programs – over the past few years we've brought in digital learning, mentorship and coaching programs, as well as highly experiential and interactive activities. Across all of our programs, we strive to give members a complete experience, designing training in ways that engage learners before, during and after the learning event.

In addition to a strong learning strategy, the infrastructure sets us up for success. Our 3-million-dollar learning space in the Fort Collins headquarters building provides the comfort, flexibility and technological capacity to achieve excellent learning outcomes. And, our learning management system simplifies the process of registering, tracking and monitoring learning achievements.

- Woodward University offers more than 20 instructor-led courses and hundreds of e-learning modules in the Woodward learning management hub.
- In fiscal year 2021, we will introduce a new virtual classroom platform that will allow members to attend targeted training sessions from almost anywhere in the world.



OTHER TRAINING OPPORTUNITIES

The Woodward Learning Hub (LMS) offers members the opportunity to access and complete various trainings. Training types include instructor-led training, PowerPoint presentations, online courses, links to internal websites/resources, tests, observation checklists and certifications.

TRAINING FOR OUR MEMBERS IS VARIED AND INCLUDES BOTH MANDATORY AND VOLUNTARY TRAINING ITEMS. EXAMPLES OF TRAINING INCLUDE:

- Values-based development – 900+ online courses that are focused on enhancing awareness and skills that are directly linked to Woodward's core values.
- Compliance – training modules that introduce and reinforce member awareness of the fundamental elements of key compliance topics.
- Safety – combination of online courses, policies, resource links and comprehension tests to ensure regulatory compliance and develop a focus on safety in the workplace.
- Certifications – combination of training documentation, tests and observation checklists to train and certify comprehension and authorize completing specific tasks.
- Onboarding – curriculum encompassing new hire required trainings along with introductory information and initiatives designed to quickly and effectively immerse new hires into the organization.
- Tooling U – online training courses for new hires to learn and refine required skills for building Woodward products.



“I come from a background where I didn’t have the financial support to go to college at a younger age. Also, there wasn’t really an expectation to continue my education toward a career. I knew I wanted a career path in something that I was passionate about, and I’m lucky to have found that here at Woodward.”

JESSICA POMPONIO

WOODWARD’S TUITION ASSISTANCE PROGRAM

Woodward’s Tuition Assistance Program (TAP) has been purposefully designed to align with Woodward’s talent management strategies and to enhance members’ ability to grow and develop. TAP provides financial assistance to qualified members who seek to complete post-secondary undergraduate or graduate degree coursework through an accredited institution of higher education.

TAP aligns tuition assistance expenditures with strategic organizational talent initiatives to develop talent to meet prospective human resource requirements and prepare members to serve in positions of increased responsibility. Jessica Pomponio, a Woodward member in TAP, stated, “If not for the opportunity to have the degree covered financially, I wouldn’t have been able to pursue my Master’s,” says Jessica. “I know first-hand how hard it can be to go to work, go to school and have a family. But with determination and resourcefulness, what seems impossible can be achieved.”



DURING HER SEVEN-PLUS YEARS AT WOODWARD, JESSICA POMPONIO HAS EARNED BOTH HER BACHELOR’S AND MASTER’S DEGREES. JESSICA PURSUED HER BACHELOR’S DEGREE TO SECURE A DESIRED POSITION WITHIN GLOBAL SUPPLY CHAIN THAT REQUIRED THAT PARTICULAR EDUCATION LEVEL. SHE CONTINUED ONWARD TO EARN HER MASTER’S DEGREE IMMEDIATELY AFTERWARD BECAUSE SHE WANTED TO COMPLETE HER EDUCATION BEFORE HER DAUGHTER WAS BORN.

YEAR	TOTAL TAP EXPENSE	YEAR	COUNT OF MEMBER ID#
2018	\$ 1,225,657	2018	238
2019	\$ 704,671	2019	199
2020	\$ 950,853	2020	166
Grand Total	\$ 2,881,181		

Year	PARTICIPATION BY FUNCTION					
	Business	Engineering	Humanities	Professional & Applied Sciences	Sciences	Technology
2018	95	101	1	5	11	25
2019	88	75	3	4	12	17
2020	67	75	4	3	6	11

A TRADITION OF INTEGRITY

Our Code of Business Conduct and Ethics (the “Code”), entitled “A Tradition of Integrity,” reflects our abiding commitment to our values and principles, even as we continue to grow. The Code provides guidance to members regarding key areas of compliance and ethics, and points members to other more detailed resources if additional information is needed. The Code is a written expression of our continuous commitment to our values and principles, and to the Tradition of Integrity that has been central to Woodward’s culture since our founding in 1870.

The Code establishes the fundamental principles that our members should apply to every decision they make and action they take on Woodward’s behalf. The Code informs our members to apply the following standard to any action taken or decision made on behalf of Woodward: “before taking any action, we can say that we would not feel ashamed or embarrassed if this action were to be made public.”

For all of our members, this includes having the courage to act – the courage to raise concerns as they arise and to remain engaged until those concerns have been addressed. To support our members, Woodward has established our Ethics Help Line, facilitated by a third party, that members can contact to report concerns, anonymously or with attribution at the member’s election. In addition, members receive annual training on our Ethics & Compliance program to include information on any new company initiatives.

Woodward has established the Business Conduct Oversight Committee, a team of executives and leaders, to oversee the Ethics & Compliance program. The Business Conduct Oversight Committee reports to the Audit Committee of the Board, and assigns and monitors investigations into member concerns, promotes consistency of the application of policies across diverse locations, advises business leaders and members, and provides quarterly metrics concerning ethics and compliance activity.



WOODWARD

“A Tradition of Integrity”
The Woodward Code of Business Conduct and Ethics



SUPPLIERS

Our success is strongly linked to the performance of our supply chain. We are invested in the success of our suppliers and value long-term relationships based on shared business principles, values and ethics. We strive to maintain a balance of short- and long-term objectives that are mutually beneficial.

OUR SUPPLIERS

A healthy supply chain provides crucial inputs to our products and is essential to our long-term success. We are committed to engaging with our suppliers as valued partners to support their success and leverage their strengths.

We monitor our supply chain in accordance with international, federal and local laws, to ensure that we manufacture goods in an ethical and responsible manner. We have established processes that enable us to support the development of companies in our supply base and to work collaboratively to identify opportunities to improve their performance.

SUPPLIER CODE OF CONDUCT

Woodward has established a formal Supplier Code of Conduct to promote compliance with legal requirements, our ethical standards and initiatives among our supply base. We expect our suppliers to promote awareness of, and act in conformance with, the principles set forth in our Supplier Code of Conduct.

Among the various topics addressed in our Supplier Code of Conduct, we include an abiding commitment to human rights, harassment-free workplaces, anti-corruption policies, environmental and employee health and safety, and refraining from using or incorporating materials created from conflict minerals.

Woodward retains the right to terminate relationships with any supplier who fails to meet our ethical standards and does not take actions to remedy lapses.



SMALL BUSINESS AND DIVERSITY

Woodward also seeks to expand its supplier network to include small and diverse suppliers who have the capabilities to provide products and services that meet our ethical expectations and business requirements. Through outreach and networking, we recruit small and diverse suppliers to support economic empowerment while growing Woodward's access to a wider group of innovative and diverse businesses.

For twenty years, we have participated in the U.S. Government's Small Business Program, which promotes engagement with small businesses representing certain groups, such as Veteran-Owned businesses, Native-American-Owned businesses, and Historically Underutilized Business Zones (HUBZone) businesses, to name a few. In the last few years, at the request of our commercial customers, we also implemented a Supplier Diversity program for select sites to seek out and incorporate suppliers identifying principally as Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ), Minority Business Enterprises (MBE), or Women Business Enterprises (WBE).



BREAKDOWN OF SMALL/LARGE SUPPLIERS

SUPPLIER DIVERSITY PROGRAM	
0.40 %	Minority Business Enterprise
0.50 %	Women Business Enterprise
0.30 %	LGBTQ

SMALL BUSINESS PROGRAM SUPPLIER BREAKDOWN	
6.20 %	Women-Owned Business
3.30 %	Small Disadvantaged Business
0.10 %	Historically Underutilized Business Zone
5.60 %	Veteran-Owned
0.10 %	Service-Disabled-Veteran-Owned
1.00 %	Native American

BUILDING SUPPLIER RELATIONSHIPS

Woodward collaborates with our key suppliers to help them improve and develop their systems and processes through various continuous improvement programs. Building relationships with our suppliers is a critical component of our True North focus on continuous process improvement. The programs highlighted below are examples of our mutual collaborations.

STORYBOARD CONCEPT



The Supplier Executive Engagement Program builds strategic supplier executive-level relationships to help overcome barriers and drive True North supplier performance for Woodward. We select executive sponsors from senior staff to collaborate and partner with suppliers through a regular meeting cadence with senior supplier executives to secure their commitment and collaboratively achieve True North performance.

The Storyboard Concept is a visual tool used by suppliers to help with problem solving. Storyboards support a living improvement process that can be used to eliminate existing performance issues and proactively prevent recurrence of safety, quality or delivery issues.

The Supplier Maturity Path process evaluates the current state of a supplier's business activities, performance to quality and on-time delivery metrics, completeness and adherence to processes and procedures, as well as continuous improvement. Based on this evaluation, the supplier, in coordination with Woodward, identifies actions to improve and sustain their overall maturity to improve business performance.



PERFORMANCE / METRICS	PLC	SIOP	LSW
APQP / PPAP	ERROR PROOFING	CHANGE CONTROL	PROJECT MANAGEMENT
LEADERSHIP CAPABILITY	SUB-TIER CONTROL	CAPACITY PLANNING	VSA
RCCA	CI / LEAN / 5S	EMPLOYEE EMPOWERMENT	RISK MANAGEMENT



07

ALWAYS INNOVATING FOR A BETTER FUTURE

The essence of Woodward's path to long-term growth and sustainability is captured in our brand promise, "Always innovating for a better future." Our industry leadership in energy control and optimization solutions is built on a strong foundation that dates back to 1870. We are driven daily to exceed our customers' expectations and are guided by a solid [tradition of integrity, values and principles.](#)

For nearly 150 years, we have applied our knowledge, resources and expertise to create systems and solutions that perform under incredibly harsh and demanding conditions. In relentless pursuit of efficiency and continuous improvement, we have unceasingly addressed, overcome and solved complex challenges, and delivered technology solutions integral to the optimization of energy use for our customers and the global community.

Woodward is deeply committed to supporting programs and organizations, both financially and through volunteerism, that ensure the communities in which we operate are desirable places to live and work. The adoption of environmentally sustainable practices that conserve limited resources and minimize our environmental impact benefits all stakeholders.

Our tradition of integrity, articulated in the values & principles of the Woodward Constitution, is an essential part of the foundation that has supported Woodward's growth through its 150-year history, and it will remain a part of the foundation that supports the continued evolution of our Company, now and into the future. While we look back with pride on our history, we look forward with great enthusiasm to the next 150 years and beyond.



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ALWAYS INNOVATING FOR A BETTER FUTURE

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