



# Sustainability Report



# People.



We are a people-first company that believes investing in training supports skill development, team member retention and long-term business continuity.





# Safety.



We are committed to health and safety, and a culture that values, respects and supports our team members and the public.





# Quality.



We are committed to strong corporate governance, producing high-quality products and services, and being a good neighbor in our communities.





# Environment.



We always aim to operate efficiently to meet the needs of the present without compromising the ability of future generations to meet their needs.

# Letter to Stakeholders

These are exciting times in the construction industry and at Knife River. In 2023, we became an independent, public company, trading for the first time on the New York Stock Exchange. Even though we were already well-established – having operated in the construction materials and contracting services business since 1992 – we introduced ourselves to the market and shared our “Life at Knife” vision.

The Life at Knife is our commitment to our four core values: People, Safety, Quality and the Environment. Each of these values is key to our sustainability efforts.

- **People:** We strive to be a people-first company that takes care of our team and our customers. We focus on workplace culture, training, compensation and engaging with our team members and the public. We have lower turnover than the industry and the US average.
- **Safety:** We prioritize safety through training, communication and a culture where people look out for each other. We provide our team members with the right tools for every job and the training for each task, and we ask them to take the time to work safely – on every task, every day.
- **Quality:** We believe the quality of our governance structure, our team and our work provides a business advantage. With oversight from our board of directors, front-line managers and leadership team, we are all in charge of the quality of our work, driven to be best in class.
- **Environment:** We are committed to meeting or exceeding environmental standards, supporting our customers in compliance and being responsible stewards of the environment. We champion recycling, reclamation and fuel reduction. For the first time as an independent company, we are reporting the company’s Scope 1 and Scope 2 emissions.

Our efforts in each of these areas are highlighted in this report. Combined, they reflect our ongoing commitment to sound environmental, social and governance practices as we continue on our path toward a sustainable future.

We look forward to the technological advancements and sound public policy that will help the industry advance to net-zero carbon emissions while ensuring providers can continue delivering the construction materials and services necessary for a strong and sustainable national infrastructure. Knife River will continue to evaluate carbon reduction goals, as referenced in this report.

As we promote our Life at Knife philosophy and make progress toward our sustainability goals, we will share that information. Thank you for your interest in Knife River.



A handwritten signature in black ink that reads "Brian R. Gray". The signature is written in a cursive style and is positioned above the printed name.

**Brian R. Gray**

President and Chief Executive Officer  
March 2024



# Knife River Corporation Environmental, Social and Governance Initiatives, Goals and Highlights

## Our Commitment

Knife River manages our business with a long-term view toward sustainable operations, focusing on how economic, environmental and social impacts help us continue building our nation's infrastructure.

We integrate sustainability considerations into our business strategy because they directly affect long-term business viability and profitability. Our focus on sustainability enhances our role as a good corporate citizen while creating opportunities to increase revenues and profitability, creating a competitive advantage, and attracting a skilled and diverse workforce.

## Environment

Environmental stewardship is a core value at Knife River. We continue expanding our disclosures and refining our environmental goals.

### Knife River Environmental Stewardship Goals

- Know our carbon footprint.** A foundational step in continuing our journey is understanding our carbon footprint. We began tracking scope 1 and scope 2 carbon emissions in January 2022. The following table summarizes our calculated CO<sub>2</sub> equivalent emissions.

CO <sub>2</sub> e Emissions	2023	2022
Scope 1	421,670 tons	454,456 tons
Scope 2	49,836 tons	51,237 tons

- Evaluate corporatewide carbon emission intensity goals.** With a baseline of scope 1 and scope 2 carbon emissions established in 2022 and 2023, we will evaluate future carbon emission intensity goals. This process will include analyzing the data, identifying opportunities for improvement in our carbon emissions intensity, and considering future carbon emission intensity goals.
- Maintain our commitment to environmental responsibility.** We aim to meet or exceed all applicable environmental laws, regulations and permit requirements, and support our customers in compliance.

# Governance

## Highlights of Knife River's governance practices include:

- Highly qualified directors with deep institutional, industry and market knowledge, and the right mix of skills to meet Knife River's evolving needs.
- Diverse board, including by gender and race/ethnicity (together 50%), as well as by geography.
- Committed to continuous board and committee refreshment.
- Separate chair and CEO.
- Fully independent board, excluding our CEO.
- Majority vote standard for directors in uncontested elections.
- Structure in place to fully declassify board at the 2027 annual meeting.
- Standard proxy access provision.
- Extensive and proactive shareholder engagement program to facilitate year-round dialogue.
- Succession planning for executive officers.
- Stock ownership requirements for directors and executive officers.
- Anti-hedging and anti-pledging policies for directors and executive officers.
- No related-party transactions by our directors or executive officers.
- Mandatory retirement for directors at age 74.
- Directors may not serve on more than three public boards, including our board.

# Social

Part of building strong communities and building a strong national infrastructure includes commitments to key stakeholders, including our stockholders, team members, customers, suppliers and our communities. As stated in our "Leading With Integrity Guide" code of conduct:

- We will conduct business legally and ethically with our best skills and judgment.
- We will act in the best interest, of our corporation and will protect its assets.
- We will work together to provide a safe and positive workplace.
- We will be a responsible and valued corporate citizen.

Knife River's social commitments are to:

- Continue to provide education and training to team members on their duty to protect our corporation's assets and financial integrity, including topics such as conflict of interest; confidential, privileged and competitive information; anti-bribery; anti-corruption; gift giving and receiving; and whistleblower protections.
- Protect our communities by evaluating and mitigating safety and environmental risks in our operations.
- Provide a safe and healthy environment for our team members and a culture of diversity, equity and inclusion that values, respects and supports each team member.
- Be actively involved in and support the communities where we operate.

We also maintain a [Vendor Code of Conduct](#) that outlines expectations of vendors.



## Details About This Report

For our sustainability reporting, Knife River utilizes the Construction Materials framework established by the Sustainability Accounting Standards Board (SASB). We continue our efforts to document our climate-related risks and opportunities through frameworks relevant to our business and stakeholders, such as those suggested by Task Force on Climate-related Financial Disclosures (TCFD) guidance, and have included more of this information in this report's appendices.

Data contained in this report is as of December 31, 2023, unless otherwise indicated.



### Forward-Looking Statements

Information contained in this report relating to environment, social and governance practices highlights key strategies, goals, targets, commitments, projections and certain assumptions for the company and its subsidiaries. Some of these statements are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. Although the company believes that its expectations are based on reasonable assumptions, there is no assurance that the company’s projections will in fact be achieved. Please refer to the various important factors listed in Part I, Item 1A - Risk Factors in the company’s most recent Form 10-K and subsequent filings with the U.S. Securities and Exchange Commission (SEC). Changes in such factors could cause actual future results to differ materially from projections. All forward-looking statements are expressly qualified by such cautionary statements and by reference to the underlying assumptions. Undue reliance should not be placed on forward-looking statements, which speak only as of the date they are made. We do not undertake to update forward-looking statements, whether as a result of new information, future events or otherwise.

*Inclusion of information in this report does not indicate the contents are necessarily material to investors or required to be disclosed in SEC filings.*

# Company Profile

Knife River Corporation, a member of the S&P MidCap 400 index, mines aggregates and markets crushed stone, sand, gravel and related construction materials, including ready-mix concrete, asphalt and other value-added products. We also distribute cement and liquid asphalt. Additionally, the company performs integrated contracting services.

Knife River is headquartered in Bismarck, North Dakota, and as of December 31, 2023, employed 4,389 individuals. Our workforce reached more than 5,700 team members during the 2023 peak construction season.

Knife River trades on the New York Stock Exchange under the symbol KNF. We began trading on the NYSE on June 1, 2023, upon our separation from MDU Resources Group, Inc. As of December 31, 2023, there were 56.7 million weighted average common shares of KNF stock outstanding, diluted, and we had total assets of \$2.6 billion.

## Our Vision:

With integrity, create superior shareholder value by being a world class leader in safety and customer satisfaction, by providing outstanding construction materials and services while being a great place to work.

## Our Mission:

Be the supplier of choice in providing quality construction materials and services that benefit our customers and build strong communities.

## Our Core Values:



PEOPLE



SAFETY



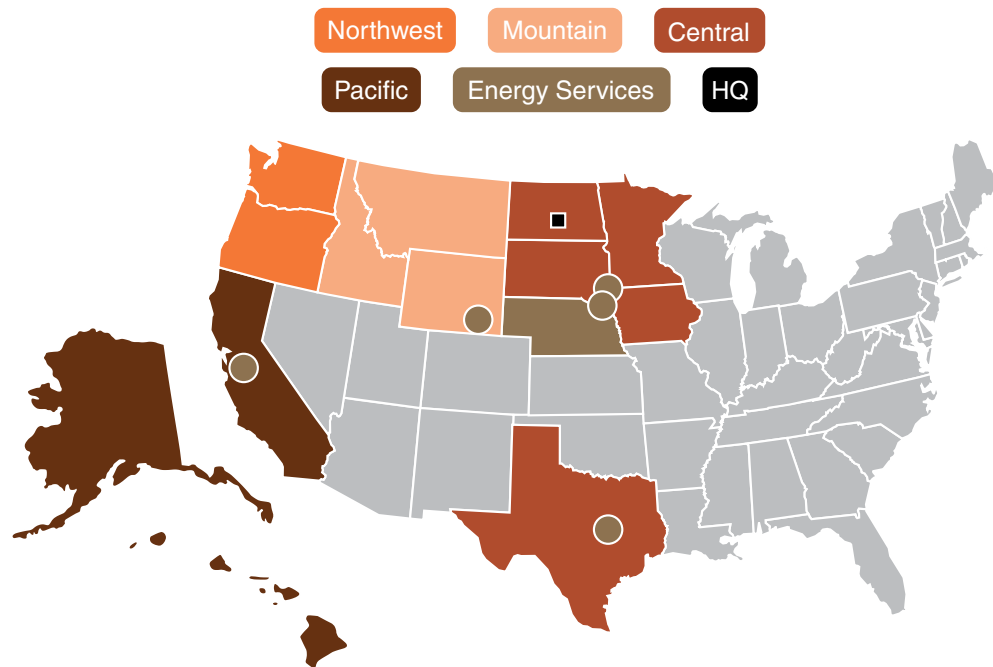
QUALITY



ENVIRONMENT



# Company Structure



- Aggregates-led, vertically integrated construction materials and contracting services company.
- Over 5,700 team members in peak construction season.
- “People-first” mindset rooted in Life at Knife company culture.
- Operating segments:
  - Pacific (Alaska, California, Hawaii)
  - Northwest (Oregon, Washington)
  - Mountain (Idaho, Montana, Wyoming)
  - Central (Iowa, Minnesota, North Dakota, South Dakota, Texas)
  - Energy Services (California, Iowa, Nebraska, South Dakota, Texas, Wyoming)
- Product lines:
  - Aggregates
  - Ready-Mix Concrete
  - Asphalt
  - Liquid Asphalt
  - Contracting Services

Material Sales (thousands)	2023	2022
Aggregates (tons)	33,637	33,994
Asphalt (tons)	6,760	7,254
Ready-Mix Concrete (cubic yards)	3,837	4,015

## Additional Information

Read more about Knife River’s business and properties in our most recent [10-K](#).

# Governance

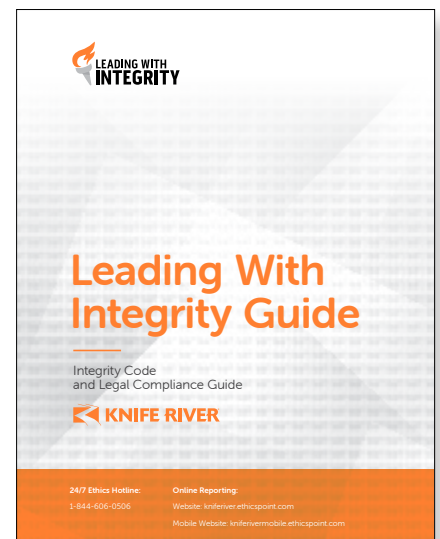


## Code of Conduct

Knife River's corporate code of conduct, outlined in our "[Leading With Integrity Guide](#)," provides a summary of the expected behaviors that guide our team members, officers and directors to perform all matters with integrity.

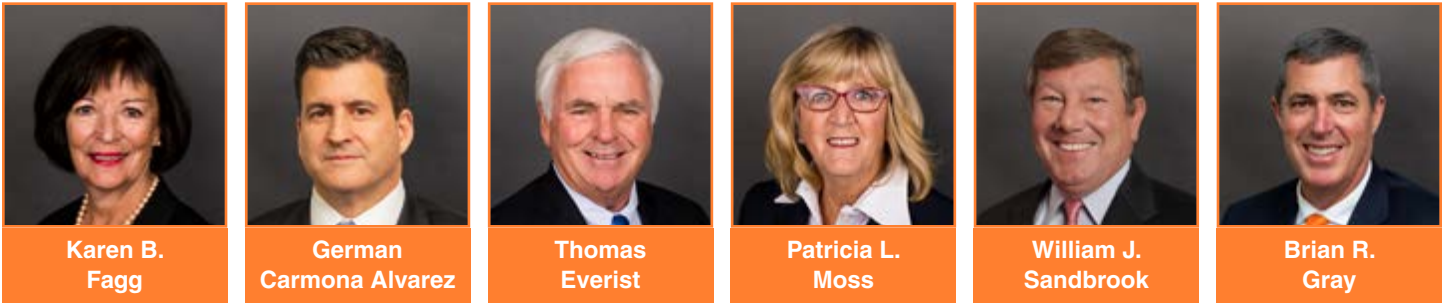
Through the integrity guide, Knife River makes a commitment to:

- **Integrity** — Team members will conduct the corporation's business legally and ethically with their best skills and judgment.
- **Stockholders** — Team members will act in the best interest of the corporation and protect its assets.
- **Team members** — Our team will work together to provide a safe and positive workplace.
- **Customers, Suppliers and Competitors** — Knife River will compete in business only by lawful and ethical means.
- **Communities** — Knife River will be a responsible and valued corporate citizen.





## Board of Directors



Knife River's board of directors is comprised of highly qualified directors with deep institutional, industry and market knowledge and the right mix of skills to meet Knife River's evolving needs. Our board of directors is diverse, including by gender and race/ethnicity (together 50%).

## Business Strategy and Risk

Knife River's Board of Directors is charged with the oversight of the company's risk management and satisfies this role by implementing and overseeing various risk-management processes. Our company has an independent board chair. In the event of a non-independent board chair, the corporate governance guidelines require a lead independent director. The chair and CEO meet regularly to discuss strategy and matters of risk facing the company. Each quarter, the Board of Directors receives presentations on key risks facing our company. The board is apprised of ongoing activities through recurring financial and operations reports, as well as regular meetings with the president/CEO. These reports and meetings keep the board informed on operational performance, business development activity, financial performance, safety performance, new initiatives, emerging issues and risks, and any material litigation updates.

## Board Committees

- The Audit Committee assists the board in fulfilling its oversight responsibilities with respect to risk management in, among other things, the areas of financial reporting, internal controls, cybersecurity, compliance with legal and regulatory requirements, and environmental, health, safety and other social sustainability matters that affect the company's interests and long-term viability. Risk assessment reports are regularly provided by management to the Audit Committee.
- The Compensation Committee assists the board in, among other things, fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies, programs, and human capital management.
- The Nominating and Governance Committee assists the board in, among other things, fulfilling its oversight responsibilities with respect to the management of risks associated with board organization, membership and structure, succession planning for directors and executive officers, and corporate governance.

## Strategic Planning Sessions

A strategic planning session will be held by the board and senior management each year to discuss strategies, key challenges and opportunities for the company. This discussion will be the culmination of a strategic planning process that is ongoing throughout the year.

# Governance of Risks and Opportunities

## Board of Directors Audit Committee

The Audit Committee of the Board of Directors helps fulfill the board's oversight of risk management responsibilities for environmental, health, safety and other social sustainability matters that affect Knife River's business interests and long-term viability. The committee's responsibilities include reviewing significant risks and exposures to current and emerging environmental and social sustainability matters, including climate change, and discussing with management and overseeing actions taken in response. The committee also reviews Knife River's efforts to integrate social, environmental and economic principles, including climate change, greenhouse gas emissions management, energy, water, waste management, product and service quality and reliability, customer care and satisfaction into the company's strategy and operations.

## Executive Sustainability Committee

Knife River's Sustainability Committee is comprised of corporate and operating segment senior executives. It supports execution of our environmental and sustainability strategy and establishes, maintains and enhances the processes, procedures, methods and controls for our environmental and sustainability disclosures.

## Compliance Program

Knife River has a robust program to promote a culture of legal and ethical compliance, consistent with the right tone at the top, to mitigate risk. The program includes training and adherence to our "[Leading With Integrity Guide](#)" code of conduct.

## Grievance Reporting

Knife River has a Compliance Reporting and Investigation Policy, which also covers whistleblower protection. Team members are encouraged to report if they have concerns that something may be unethical or illegal within our corporation. Team members can report concerns to their manager, human resources representative, a company executive or their compliance officer. We also have an ethics hotline reporting tool that provides anonymous reporting.

Our ethics hotline is a telephone- and internet-based third-party system. Team members, customers and other stakeholders can report confidentially and anonymously any concerns about possible unethical or illegal activities. Reports are carefully considered and investigated, with reports and investigative summaries provided to the Board of Directors. Anyone who wishes to file an anonymous report can call 1-844-606-0506 or visit <http://kniferiver.ethicspoint.com> or <http://kniferivermobile.ethicspoint.com>.

# Public Policy Participation

## Team Member Participation in Politics

Knife River's corporate policy on Employee Participation in Political Affairs encourages eligible team members to actively exercise their individual citizenship responsibilities, including voting, serving in civic bodies, keeping informed on political matters, volunteering time for political causes, contributing financially to the corporate political action committee, contributing financially to a political party or candidates, campaigning for a political party or public office, and holding a political party or public office.

The policy also says a team member engaging in political activity does so as a private citizen and not as a representative of our corporation or companies. Also, to avoid potential job-related conflicts, a team member who wants to seek public office or serve in a civic body must consult with his or her manager prior to seeking such office or position.



# Environment

Having a sound, stable environment is critical to continuing our businesses, so Knife River operates in a way that is intended to minimize impacts and promote conservation while maximizing resource use in meeting our customers' needs.

Some of our efforts include promoting emission reduction and fuel conservation, developing water enhancement practices, protecting water quality, controlling and preventing the spread of noxious weeds, reducing noise, and implementing programs to develop and enhance public spaces in the communities we serve.

Knife River operates with three primary environmental goals:

- Minimize waste and maximize resources.
- Be a good steward of the environment, while providing high-quality and competitively priced products and services.
- Meet or exceed all applicable environmental laws, regulations and permit requirements.

Knife River's pledge to operate in an environmentally responsible manner is reviewed and encouraged through several measures, including oversight by professional environmental staff with reporting and accountability to regional operations leaders, regular review by the executive Sustainability Committee, through audits of operating activities and through property reviews during due diligence on potential acquisitions.

Information in this section of our report highlights key environmental issues, objectives and actions.

## Environmental Policy

Knife River's corporate Environmental Policy addresses environmental practices. The environmental policy directs that the company will operate efficiently to meet the needs of the present without compromising the ability of future generations to meet their needs.

Our company environmental leaders have responsibility for administering the environmental policy, and our company officers are responsible for compliance.

## Keeping Our Communities Clean

In Oregon, Knife River is proud to have entered into a multi-year partnership with SOLVE, a statewide nonprofit and leader in environmental stewardship. In 2022, SOLVE volunteers removed nearly 775,000 pounds of litter and marine debris across Oregon's coast, parks, neighborhoods and natural areas. As SOLVE's Official Tool Supplier, Knife River provides essential items that reduce the impact of cleanup efforts – reusable 5-gallon buckets, reusable microplastic sifters, logistics support and more.

“We're so grateful for Knife River's support,” said Josh Keller, SOLVE Development Director. “We've been looking for the right partner to come in and outfit our volunteers with the tools they need, and they came in huge!”

Previously, cleanups had relied on single-use plastic bags, which contributed to landfill waste. SOLVE leaders were thrilled with these pilot distributions, watching as volunteers took the buckets home for their own personal use, excited to bring them back to the next cleanup event. As the partnership develops, Knife River plans to be involved in Earth Day events with SOLVE, in addition to the annual September cleanup efforts.



## Environmental Matters

### Vehicle Emission Reduction Efforts

Knife River continually evaluates our fleet to ensure the appropriate-size vehicle or type of equipment is purchased for specific needs. The company buys smaller, more fuel-efficient vehicles and equipment to mitigate fuel costs and help reduce emissions whenever feasible.

As Knife River updates its equipment and vehicles, its fuel usage and fleet emissions are reduced because of manufacturers' advancements in motor efficiency. As of December 31, 2023, the average model year of Knife River's on-road trucking fleet was 2012. The average model year of Knife River's construction equipment was 2013.

Knife River has implemented fuel conservation programs that educate team members and promote fuel conservation measures. Training sessions encourage team members to efficiently use resources and inform co-workers, of the proper procedures for shutting down diesel-fueled engines.

We also have an engine idling policy. The policy establishes a companywide diesel and gasoline engine idling limit and institutionalizes the company's Shut Down & Save fuel conservation program.

Knife River installs automatic shutdown systems on most heavy-haul construction trucks, which helps reduce emissions. These systems can automatically shut off a vehicle's engine after five minutes of idling. Knife River also installs equipment on haul vehicles that lets the company monitor operating times, idle times and fuel consumption, and can be used to monitor overall equipment performance.



In California, off-road and on-road diesel fleet requirements are more stringent than other areas where Knife River operates. On-road diesel fleets must meet or exceed a 2010 emissions standard via fleet replacement targets affecting on-highway trucks that are greater than 14,000 pounds in gross vehicle weight. In 2021, Knife River replaced all vehicles in its California fleet that were 15 years or older. At the end of 2023, the company did not have any on-road vehicles in its California fleet that were older than a 2010 model, putting Knife River on track to meet the regulation two years ahead of schedule. Off-road diesel construction and mining equipment fleets must meet a target based on the combined total horsepower and emissions factors of all engines in the fleet, with compliance targets that began in 2009 and go through 2024. Knife River has been proactive in meeting early targets and anticipates meeting the 2024 target.

## Improving Efficiency and Saving Fuel

When aggregates are the foundation of your business, being able to quickly load trucks with rock is a lifeline. You need equipment that is durable, dependable and efficient.

Knife River's aggregate operations in Central Minnesota run a fleet of five CAT 988 wheel loaders – and have been transitioning to a newer model that includes a high-efficiency electric drive system. Two of the five loaders are the new 988 XE, which CAT says delivers 25% greater overall efficiency and up to 10% more productivity than the “legacy” 988 — all while emitting up to 37% less CO<sub>2</sub> than the previous 988. And in addition to being more efficient, the new loaders are every bit as durable.

“We have seen a decrease in fuel usage of 3-4 gallons per hour, well above the advertised efficiency savings,” said Tim Piper, equipment manager in Knife River's North Central Region. “Overall maintenance costs have been lower, our operators say the electric drives handle better, and they stand up to every application the conventional machines do.”

Based on these early successes, the Minnesota operations have added two electric-drive CAT dozers to their fleet, as well. While the electric-drive models have a higher up-front cost, efficiencies negate that cost within 2.5 to 3 years, Piper said.

“The plan will be to continue down this path as we replace aging units,” he said.



The CAT 982 XE shown here includes the same high-efficiency electric drive system as the 988 XE, which reduces fuel usage and is every bit as durable as the unit it replaces.

## Renewable Diesel

Since 2021, Knife River has utilized renewable diesel fuel in its on-road and off-road fleets. Engine performance, engine maintenance and fuel efficiency results have been positive. Renewable diesel accounted for approximately 27% of the company's total diesel fuel consumption in 2023.

## Reducing the Use of On-Road Trucks

According to the Association of American Railroads, freight railroads are three to four times more fuel efficient than trucks. Knife River utilizes rail to deliver aggregate products from a number of its quarries. In 2023, approximately 21,000 railcars were used to ship 2.2 million tons of aggregate material between Knife River locations within Alaska, Oregon, South Dakota and Texas.

Knife River also primarily utilizes rail to move its liquid asphalt products from their source to storage and distribution facilities. For example, its Energy Services segment had 2,812 railcars' worth of its liquid asphalt product delivered from its supplier in 2023. This is the equivalent of approximately 10,200 over-the-road trucks.

Knife River uses a barge to efficiently transport aggregate materials between quarries and ready-mix and asphalt sites in the Portland, Oregon, metro area. In 2023, approximately 534,500 tons of aggregate products were shipped via barge, eliminating approximately 17,500 truck deliveries in the congested metropolitan area.

## Water Management

Knife River uses water to produce aggregates and concrete, and uses water for dust control across various product lines. The majority of water is used in the washing of aggregate materials. All water recovered while washing materials is captured and reused in the washing process. In an engineering study of water usage at Knife River's Honey Creek Quarry in Texas, it was estimated that 79% of all water used would be recycled. While water recycle rates will vary by location and aggregate reserve quality, Knife River strives to reuse as much captured wash water and storm water as feasible.

## Toxic Release Reporting

Knife River provides toxic release inventory (TRI) reporting to the EPA for nitrate compounds released with process wastewater from ready-mix concrete operations and polycyclic aromatic compounds emitted during the handling and processing of liquid asphalt oils and binders. The TRI data for reporting facilities can be accessed on the [EPA's website](#).

## Land Impacts

Knife River uses mine planning to manage aggregate reserves and aggregate mine sites in an environmentally sound manner. The company works regularly with government agencies, landowners and other stakeholders to develop reclamation plans that return mined land to viable and productive use. In some cases, land that may not have been useful before mining has been made into wetlands or other wildlife habitat.



Renewable diesel accounted for approximately 27% of the total volume of diesel fuel Knife River used in 2023.



## Birders eye prime habitat at Missoula's Knife River Ponds

*Joshua Murdock, Missoulian*

More than a dozen people fanned out over a former Knife River Corp. property near Fort Missoula at 7 a.m. on June 30 looking for what they already knew were there: birds.

The birders, mostly affiliated with the Five Valleys Audubon Society, spent two hours recording the species and number of birds they observed wandering the 89-acre property. The land, which borders the Bitterroot River to the south, Fort Missoula to the east and McCauley Butte to the west, includes two ponds created by flooded quarries — a major attractant for birds.

Five Valleys Audubon birders are keen to substantiate the ponds' status as prime habitat for birds. Thursday's survey was the fourth of five that the group, partnered with Five Valleys Land Trust and the Clark Fork Coalition, is conducting to help inform the city of Missoula's eventual plans for the property. The groups hope that data gathered on the birds that pass through the property — and particularly birds that nest and breed there — will influence the city to conserve the land specifically as bird habitat.

"It's hard to imagine, but there was a huge concrete mixing plant on this site," Ed Monnig, a Five Valleys Audubon board member, said during the June 30 survey as he strode through knee-high grass, binoculars in hand. "They've done a very credible job of reclaiming it."

Knife River Corp. closed its concrete mixing facility on the site around 2018; the city acquired the land in 2020 under an agreement hashed out two decades before. That agreement, made with Knife River predecessor JTL Group, stipulated that the company would transfer the property, now known as the Knife River Ponds, to the city after the site was reclaimed.



Ed Monnig, Jillian Leblow and Jim Brown, from left, help with a bird survey at the former Knife River Corp. property west of Fort Missoula last week. The city now owns the property, and the Five Valleys Audubon Society is helping determine how many birds are using the area that includes a flooded quarry.

*Tom Bauer, Missoulian*

The city envisions a publicly accessible parkland preserve on the site, as well as restoration and protection of important natural resources, according to a November 2020 city staff referral. It recommended that the City Council authorize the mayor to accept the property transfer. Missoula Parks and Recreation Director Donna Gaukler wrote in an emailed statement Wednesday that a public planning process for the parcel, similar to the planning process for the Fort Missoula Regional Park, would take place sometime in 2023.

"The public process will share the natural science assets and conditions, existing land/site conditions, and history with residents, neighbors, and stakeholders," Gaukler wrote. "Habitat protection and native species restoration will be the highest priorities. Once we understand the area's ecosystem and each species' particular needs, we will prioritize the reclamation, management, and maintenance strategies that are most beneficial to those species needing the greatest protections. In addition, we'll complete a financial analysis and develop cost projections to maintain and manage the site sustainably."

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The land is situated at the far southern end of the Clark Fork River-Grass Valley Important Bird Area (IBA), a 21-mile stretch of river recognized by the National Audubon Society as vital to bird populations. Jim Brown, another Audubon board member, said during the survey that more than 220 different species of birds have been documented in the IBA. The pond property, with its quiet, still water about 30 feet deep, is “a key part of this IBA.”

“It’s attracting in unusual migrants to Missoula ... it’s a natural place for migrating birds to stop off,” Brown said. He added that some species of birds spotted around the ponds were in the midst of transcontinental migrations spanning thousands of miles.



Leblow, Monnig and Brown look for birds along the shore of the flooded quarry at the site. Five Valleys Audubon and other groups hope the city will conserve the land as bird habitat.  
*Tom Bauer, Missoulian*

Poody McLaughlin, chair of Five Valleys Audubon’s IBA committee, helped organize the surveys, which began in mid-May. She said in a phone call Wednesday that the past week’s survey turned up 64 species, with different birds concentrated in different areas of the property. As migratory birds pass through the property, she said, the compositions of species observed there has changed from survey to survey.

The June 30 group saw four different waterfowl species with chicks, nests of the regionally rare red-naped sapsuckers, a massive heron rookery, and a remarkable profusion of grassland birds like meadowlarks. But what surprised her most was that all of those, and more, were found all together on what was until recently a heavy industrial site.

“This is a gravel pit, right?” she said. “We really were birding in an industrial area. To find 64 species in one day, and that is not the high number of species in the surveys ... just to find that diversity and birds that depend on that habitat, even though it really is a disturbed site, think of what we could attract if we created a better habitat for waterfowl. I think it has great potential for being truly remarkable as a natural area.”

The city also recognizes the site’s importance to birds. The November 2020 referral to the City Council noted, “the two ponds on the property constitute some of the only large, open water bodies in the greater Missoula Valley. Large bodies of open water are especially important to migratory waterfowl, which require stopover sites during migration.”

The property is closed to the public as the city determines what to do with it; the bird surveys are being conducted with city permission. Over the course of the four surveys so far, Brown noticed that “there’s parts of the pond they prefer and we’re not sure why,” particularly the far western edge of the larger of the two ponds. He said he hoped the city would keep the property generally in its current state to maintain the habitat for birds. Some changes, like grading around the ponds to create gradual shoreline in place of steep quarry walls, could further improve the habitat. When public access is allowed, he said, it should be restricted during migration, especially on the larger pond’s western side.

“This isn’t any old pond around town,” he said. “Water available for migrating water birds throughout North America is a dwindling resource.”



## Recycling

Knife River continues its long-standing practice of recycling and reusing building materials. Recycling conserves natural resources, uses less energy, reduces waste disposal at local landfills and ultimately costs less for our customers. Knife River recycles or reuses asphalt pavement, pre-consumer asphalt shingles, refined fuel oil, demolition concrete, returned concrete at ready-mix plants, fly ash, slag, silica fume and other cement-replacement materials, and dimension stone reject material. In 2023, total recycled asphalt pavement used was slightly down from the year prior, as Knife River's disciplined bidding strategy led to lower overall asphalt volumes.

	2023	2022
Recycled Asphalt Pavement Used in Asphalt Production (tons in thousands)	1,422	1,481

Jebro Inc., a Knife River Energy Services company in Sioux City, Iowa, has recycled used oil since 1989 and used oil filters since 2006. After being collected, used oil filters are shipped to a used oil filter processor where the filters are drained of oil and sent to a scrap metal recycling center. Recovered oil is recycled and burned for energy recovery. Jebro's petroleum-recovery service area includes parts of Colorado, Illinois, Iowa, Minnesota, Missouri, Montana, Nebraska, South Dakota and Wyoming.

	2023	2022
Jebro Recycled Oil (million gallons)	2.7	3.0
Jebro Recycled Steel (tons)	358	393

## Jebro Inc. Recycles Oil in Nine States

Scott Micheels prefers to go unnoticed.

There is a challenge to that, given he drives a large truck with a shiny, 3,000-gallon tank on the back of it. But it's a challenge he appreciates, because – to Micheels – that means he's doing his job well.

"I'm doing a good job when no one notices I've been there and they can just go about their business without worrying about their used oil tank," he said.

Micheels is one of nine petroleum-recovery drivers for Jebro Inc., a Knife River Energy Services business headquartered in Sioux City, Iowa. Each year, Jebro recycles about 3 million gallons of used oil and repurposes it. Drivers collect oil from auto dealerships, oil-change businesses, factories, plants and even data centers, which use antifreeze for their server rooms. The used products are collected through a vacuum system into the tanks on the back of the trucks and ultimately delivered back to a central Jebro facility for processing and redistribution as burner fuel.



Scott Micheels

*Continued on next page.*

“Jebro does a great job for us,” said Rod Hamm, service director for Knoepfler Chevrolet in Sioux City. “The drivers are careful and respectful. They don’t hinder traffic coming in and out of the store and are fantastic to work with. We use some of the used oil to heat our shop in the winter, and they will make sure we don’t run out.”

Jebro also recycles used oil filters. After being collected, filters are shipped to a processor where they are drained of oil and sent to a scrap metal recycling center. Recovered oil is recycled and burned for energy recovery. Jebro’s petroleum-recovery service area includes parts of Colorado, Illinois, Iowa, Minnesota, Missouri, Montana, Nebraska, South Dakota and Wyoming.

“About 80% of our customers I see on a regular basis, where I go there every week or every other week,” said Micheels, who is based near Omaha, Nebraska. “I want to make a good statement by showing up in a clean truck and leaving everything just as it was, so they hardly know I was there. Cleanliness goes a long way.”

Micheels has been driving for Jebro for 11 years. He collects oil from 55-gallon drums all the way up to 10,000-gallon tanks. On an average day, he fills his 3,000-gallon tank once.

“It’s a fun job,” he said. “You need to be a problem solver to create your routes and hook up to the different tanks. Every day is different, and it feels good recycling the oil.”

For more information about Jebro, visit [www.jebro.com](http://www.jebro.com).



One of Jebro's fleet of 3,000-gallon trucks, ready for collecting.

## Environmentally Friendlier Asphalts

Knife River is experienced in producing and placing warm-mix asphalt and rubberized asphalt.

In applications where warm-mix asphalt is allowed, the product enables conservation. Warm-mix asphalt is produced at cooler temperatures than traditional hot-mix asphalt, which reduces the amount of fuel needed in the production process, thereby reducing emissions and fumes.

## Spills

No EPA-reportable or National Response Center-reportable spills occurred within Knife River’s operations in 2021-23. A number of minor spills were documented internally, some of which were reported to state and local agencies based on their reporting requirements.



## Impacts of Regulations and Laws

Knife River is reliant on federal and state infrastructure-funding mechanisms. Long-term funding mechanisms established at the state and federal levels help ensure road, highway and bridge construction projects, which provide opportunities for Knife River. The absence of long-term funding mechanisms can negatively impact workloads.

Additionally, certain regulatory efforts may impact Knife River's operations. For instance, carbon pricing programs being implemented in the states of Oregon and Washington are expected to add to Knife River's costs of operations.

California emission reductions and regulatory compliance are more stringent than other Knife River operating areas. The California Air Resources Board has implemented several regulations around air quality standards. These regulations are based on source categories, several of which impact Knife River. The three categories having the most impact to Knife River's California operations are:

- **Off-road diesel particulate and oxides of nitrogen.** This regulation affects construction and mining equipment with greater than 25 horsepower. The regulation requires each fleet to meet an emissions target based on the combined total horsepower and emissions factors of all engines in the fleet. Compliance targets began in 2009 and go through 2024. To better comply with this regulation, Knife River combined all its California assets into one fleet pool. This gives Knife River the flexibility to upgrade machines in locations with better utilization. Knife River was proactive in meeting the early targets, which provided early action credits. These credits allow Knife River to better time its capital investments. With its fleet management program, Knife River anticipates meeting the 2024 target. Additionally, all Tier 0 machines were required to be retired by December 31, 2023; all Tier 1 need to be retired by December 31, 2025; and all Tier 2 machines need to be retired by December 31, 2027. All off-road machines are required to use R99 – R100 renewable fuel (as of Jan. 1, 2023). And all prime contractors must request and retain compliance certificates from all sub-contractors or rental companies with machines that could be on the job site at any time during the project (with exceptions for projects lasting less than eight days or for emergency work). Knife River is meeting the requirements that are in effect and the company anticipates meeting the upcoming requirements.
- **On-road diesel particulate and oxides of nitrogen.** This regulation requires fleets to meet or exceed a 2010 emissions standard via fleet replacement targets affecting on-highway trucks that are greater than 14,000 pounds in gross vehicle weight. Knife River is meeting this regulation. In 2021, Knife River replaced all vehicles in its California fleet that were 15 years or older. At the end of 2023, the company did not have any on-road vehicles in its California fleet that were older than a 2010 model, putting Knife River on track to meet the regulation two years ahead of schedule. Additional California "Advanced Clean Fleets" regulations will go into effect in January 2025 that require fleets to begin replacing diesel, gas and propane vehicles that are over 8,800 pounds gross vehicle weight with zero-emission vehicles (ZEV). There are multiple categories of vehicles depending on configuration, each with a required percentage of fleet replacement by a particular target date until the fleet reaches 100% ZEV. While the technology does not yet exist for some of these vehicles, we are working with multiple suppliers to determine the best path forward to comply with these requirements.
- **Harbor craft diesel particulate and oxides of nitrogen.** This regulation pertains to Knife River's marine construction equipment and boats but varies based on local air districts and ports superseding compliance targets. To comply, Knife River repowered its equipment in 2008-09 to meet the highest regulation. The company is in the process of repowering its equipment again, where practicable, to meet newer standards. Knife River continuously works with its equipment manufacturers on these upgrades. New requirements also mandate Marine Tier 4 engines with diesel particulate filters by 2026 for engines over 600 kW. We are working with a vendor to comply with this requirement.

## Environmental-Related Investments

Knife River incurred \$4.5 million in capital expenditures related to environmental compliance in 2023 and expects to incur \$4.7 million in capital expenditures through 2024 related to environmental compliance with current laws and regulations.

As part of our capital investment planning, Knife River annually assesses investment in environmental impact mitigation efforts in its operations, particularly in regard to meeting or exceeding permit requirements and environmental regulations. Examples include:

- In Oregon, Knife River has installed additional emissions capture equipment, such as baghouse dust-collection systems on asphalt plants, to meet or exceed air quality requirements.
- Knife River operates a soil reclamation business to handle contaminated soils for customers. Alaska Soil Recycling pioneered the first thermal remediation service in Alaska to treat contaminated soil and operates its facility under permits issued and enforced by the Alaska Department of Environmental Conservation.
- Depending on the climate of particular geographic areas, Knife River has implemented additional measures in response to local conditions. For instance, in arid regions such as California and Texas, Knife River has implemented more stringent measures for dust control at its plants and job sites. In areas with high precipitation, such as Oregon, Knife River uses enhanced water containment controls to handle potential storm runoff.
- Knife River utilizes a number of automated power washing systems at our ready-mix locations. These systems allow a ready-mix truck to be washed after loading without the driver exiting the vehicle, which reduces driver hazards while halving the average volume of water used per truck.
- Knife River has invested in Blue Planet Systems Corp. to pursue the use of synthetic aggregates in ready-mix concrete. Blue Planet is testing methods of creating synthetic limestone, using carbon dioxide captured from existing sources. The synthetic limestone could then be used as a component of concrete. In addition to sequestering carbon dioxide through this process, the use of synthetic limestone would prolong the life of natural aggregate sources.

## Environmental Fines

Knife River did not incur any material fines related to environmental compliance in 2021 through 2023.

## Potential Impacts of Climate Change

Based on predictions by the scientific community about potential impacts of climate change, Knife River may benefit from longer construction seasons in certain areas where it operates and from opportunities presented when infrastructure repairs are needed after storms and natural disasters impact an area. However, the company's construction activities may be negatively impacted by greater volatility in weather patterns. We continue our efforts to document our climate-related risks and opportunities through frameworks relevant to our business and stakeholders, such as those suggested by Task Force on Climate-related Financial Disclosures (TCFD) guidance, and have included more of this information in this report's appendices.

## Additional Information

More information about environmental matters related to Knife River is available in our most recent [10-K](#).



# Social

## Positive Community Impact

### Economic and Volunteer Impacts

Knife River makes a positive economic impact in a number of ways in the communities where we do business, including the compensation we pay to team members; the federal, state and local taxes we pay; the charitable donations we provide; and the infrastructure and equipment investments we make.

In addition to our federal and state income tax obligations, Knife River paid more than \$14.9 million in property and use taxes to state and local jurisdictions in 2023.

### Charitable Giving

On May 31, 2023, Knife River became an independent, publicly traded company. Prior to that, Knife River was wholly owned by MDU Resources Group, Inc. As a subsidiary of MDU Resources, Knife River proudly contributed each year to the MDU Resources Foundation, which supports qualified organizations that enhance quality of life. Over the last 15 years, Knife River contributed over \$8 million to the MDU Resources Foundation. We have continued to directly support charitable causes, and we are exploring options of establishing a corporate foundation.

### Company Donations

Knife River believes that building strong communities includes being directly involved in their betterment. Whether providing construction materials or contracting services to strengthen our local infrastructure, or providing contributions to local charitable causes, we aim to strengthen the communities where our team members live and work. In addition to in-kind contributions and volunteer resources, we support projects and programs that help make the lives of people in our communities safer, more successful and more resilient. We focus our giving in three key areas:

- **Youth/Education.** We support efforts that help:
  - Vulnerable children and families.
  - Improve access to education for children.
  - Build skills in vocational areas, particularly construction.
  - Develop partnerships with higher-education institutions in the areas of infrastructure building, engineering, and health and safety.
- **Military Veterans.** We support efforts focused on veterans' assistance in all areas of need.
- **Community Improvement.** We support efforts to enrich and improve our communities, from "brick-and-mortar" projects to parks to programs addressing hunger and improving community health (both mental and physical).

Preference is given to requests that demonstrate the following:

- The organization is a registered nonprofit, nongovernmental, civic or educational organization that complies with local tax laws.
- The applicant organization provides evidence of its leadership, sound financial practices, the impact of its efforts, and its capacity to implement initiatives and evaluate the success of those initiatives.
- The organization, program or project aligns with Knife River's values and business priorities, including our principles of inclusion and diversity, as embodied in our Leading with Integrity Guide.
- The organization, program or project serves communities where Knife River operates.
- The organization, program or project engages Knife River team members and leverages their expertise.
- The organization, program or project addresses long-term solutions to issues.
- The organization, program or project has clear objectives, indicators of success, and a plan to measure and report on the outcomes.
- The organization, program or project provides opportunities to collaborate with others (e.g., other governmental, civil-society or industry partners) working on similar issues.

In addition to charitable contributions of \$700,000 in 2023, Knife River regularly donates time and materials in its communities. Examples of these efforts include donating equipment and team members' time for various community projects; donating used equipment to rural fire departments; donating products and materials for park construction projects; and much more.

## Supporting Maui After the 2023 Wildfires

In August 2023, devastating wildfires tore through the Hawaiian island of Maui, destroying the town of Lahaina and claiming the lives of nearly 100 people. It was one of the deadliest wildfires in history, deeply impacting the close-knit community of Maui residents and their families.

Hawaiian Cement, Knife River's aggregate, ready-mix and cement business in the state, has deep ties on Maui. Thankfully, no company team members were hurt in the fires. Additionally, the fires did not directly impact the homes of Hawaiian Cement team members. In the days and weeks following the fires, the Hawaiian Cement team went to work to support their fellow residents. Hawaiian Cement, its team, families, friends and trusted vendors raised almost \$96,000 to be donated to victims of the fires. Also, Hawaiian Cement team members on Oahu donated enough supplies to fill two shipping containers, which were transported to Maui on the company's cement barge.

Maui is still rebuilding, and Hawaiian Cement is proud to be part of this fantastic community.



Hawaiian Cement team members rally to help their neighbors who were affected by the wildfires that impacted several communities on the island of Maui.



# Our Commitment to Customers, Suppliers and Competitors

Knife River is committed to competing in business by lawful and ethical means. Our long-term success can be achieved through fair, honest and intelligent decisions in dealing with customers, suppliers and competitors.

## Customer Service

Knife River is committed to being our customers' supplier of choice in all our markets by providing high-quality products and services, and excellent customer service. Our successful relationships with customers require that we provide quality products and services competently and efficiently and treat customers with courtesy. We make many commitments to customers about the availability, quality and price of our products and services. Each team member is expected to ensure that Knife River lives up to these promises, including maintaining open communication with customers and responding promptly to inquiries, requests and complaints.

## Fair Dealings With Customers and Suppliers

Knife River's relationships are based on a commitment to open and fair dealings. We select suppliers of goods and services based on quality, service, cost-benefit considerations, performance capacity and adequacy of supply.

Knife River has a Gift Policy regarding giving gifts to or receiving gifts from others in the course of business. In general, the policy prohibits a team member or members of a team member's family from requesting or accepting anything that could be construed as an attempt to influence the performance of the team member's duties or to favor one supplier or customer over another. The policy prohibits team members from accepting from current or prospective suppliers or customers any gift of cash, gift certificate, or travel or lodging without approval of the team member's supervisor, or any other gift valued at more than \$200 without approval from the team member's company president. Team members may only accept such gifts of lesser value with his or her supervisor's approval. No gifts of any value may ever be solicited for personal use.

## Vendor Code of Conduct

Knife River has a [Vendor Code of Conduct](#) that outlines our expectations of vendors, including ethical business practices, workplace safety, environmental stewardship and compliance with applicable laws and regulations.

## Customer Privacy

Knife River understands the importance of protecting the privacy of all information provided by customers and, to that end, has a Sensitive Information Policy. We collect information about customers in connection with furnishing certain products and services, to prevent fraud, and to meet legal and regulatory requirements. Depending on the nature of the services being provided or the work being performed, collected information may include:

- Applications and other forms, which may contain information such as name, address and Social Security number.
- Business relationships and transactions with the company and others, including information such as creditworthiness, account balance and payment history.

Knife River restricts access to customer information to those team members who need to know the information to support essential business services. We maintain physical, electronic and procedural safeguards that comply with applicable industry standards and federal regulations, including the Fair and Accurate Credit Transactions Act, to protect nonpublic personal information from unauthorized disclosure.

Knife River may disclose information to select team members at company subsidiaries and to a limited number of contract-bound, third-party contractors who are required to protect the confidentiality of the information.

We only share information outside the company under the following conditions:

- When the customer has authorized us to do so in writing.
- When we are responding to a subpoena or other legal process.
- When we are reporting to a credit bureau for credit reporting purposes.
- When shared with contract-bound third parties as previously described.

## Our Commitment to Team Members

Building strong communities starts with building a strong workforce. At Knife River, this means providing the tools, training and time for our team members to work safely and successfully. It also means committing to integrity and safety, and supporting diversity, equity and inclusion. Combined with our other values, this is the Life at Knife.

Knife River has a long history of focusing on a respectful workplace for all team members, providing development opportunities for our team members at all levels of the organization and balancing pay equity. In recent years, we have increased visibility into our diversity, equity and inclusion programs and remain focused on ensuring our culture aligns with and recognizes these efforts. Efforts have included:

- Increased communications across our company that are focused on diversity, equity, inclusion and respect using consistent tools so team members more readily recognize these activities.
- Building a human capital dashboard to provide additional metrics and information to our Board of Directors.
- Expanding partnerships and recruitment efforts with diverse groups through additional sponsorships, career fairs and hiring practices.
- Enhancing training and education on diversity, equity and inclusion through our team member orientation, leadership development and coaching programs.



## Team Member Safety

Safety is a corporate value and top priority at all Knife River operations; we are committed to safety and health in the workplace. We promote safety and health through a variety of means, including continual training and education programs for team members.

We adhere to these key principles regarding safety:

- All injuries can be prevented.
- Working safely is a condition of employment for all team members.
- Management must demonstrate leadership in preventing injuries by providing a safe work environment, adequate resources, performance incentives and appropriate follow-up on any unsafe conditions or actions.
- All team members are responsible for preventing injuries to themselves and others.
- All team members are expected to stop any work at any time if they know or believe the work to be unsafe.
- All operating exposures can be safeguarded or controlled.
- Training team members to work safely is essential.
- Preventing personal injuries and property damage is good business.

Knife River has a goal of zero workplace injuries. We have developed our safety culture, programs and training as appropriate for the construction materials and contracting services industries, and the types of operations we perform. We continuously evolve our programs to incorporate best practices, innovations in personal protective equipment and changes to safety and health laws.

In addition to the following safety metrics for Knife River, additional safety metrics can be found in the appendices of this report.

	2023	2022
Recordable Incident Rate	2.20	2.39
Days Away, Restricted or Transferred	0.99	1.50

## Safety Policies

Policy	NO.
<b>Team Member Safety</b> Affirms the company's commitment to the establishment of a healthy and safe workplace and integration of health and safety into all workplace activities.	411
<b>Accident and Incident Reporting/Investigation</b> Provides guidance on the reporting of accidents and incidents as well as their investigation.	409

## Contractor Safety

All subcontractors are requested annually to provide information about their safety programs and recordable and lost-time incidence rates. If our companies deem a subcontractor's programs to be inadequate, the subcontractor is provided with our company safety policies and training for their personnel. Our goal is to ensure safe operations and adherence to applicable Occupational Health and Safety Administration standards by our subcontractors for the protection of team members and the public.

In addition to defining a scope of work and agreed-to price, our subcontractors are required to follow accident prevention and safety programs of the project owners and our operating companies. In certain operating segments, subcontractors also are requested to submit a job site safety plan before commencing work on a project.

## Product Safety

Safety Data Sheets (SDSs) are summary documents that provide information and advise safety precautions related to product hazards. Knife River makes SDSs available to customers for the products we produce. SDSs for products that we use are stored at each applicable location or are available through online SDS system reference prior to a product being used or in the event of an accidental spill or discharge.



## Knife River's '3 Ts'

People and Safety are two of Knife River's four core values.

We genuinely care about the health and safety of our team, and we provide extensive and ongoing safety training. We frame our approach to safety through the "3 Ts:" Tools, Training and Time.

### Tools

We will provide all team members with the proper tools for their job.

### Training

We will provide training on how to safely perform tasks.

### Time

We ask our team members to take the time to work safely. Every team member has "stop-work" authority to call attention to something that may be unsafe.



## Employment Philosophies

Knife River's corporate policies address [Human Rights](#), [Equal Employment Opportunity](#) and [Affirmative Action practices](#), as well as other areas that provide our team members with information about the corporation's employment philosophies.

Knife River hires team members because they have the skills, abilities and motivation to achieve the results needed for their jobs. Each job is important and part of a coordinated effort to accomplish our objectives.

Additionally, we have adopted a "Coaching" philosophy at Knife River. This philosophy includes the belief that it is better to coach than to supervise — for the coach (supervisor) and for the team members. See more about our coaching philosophy and our "6 Cs" on Page 38.

Knife River has some general philosophies that guide our team members' actions, in keeping with our coaching philosophy:

- **Teamwork and cooperation.** A positive work environment is dependent on willing cooperation by everyone. Every team member is expected to be a positive and productive member of the work group, and to cooperate with co-workers.
- **Open communication.** An effective and responsive organization relies on knowledgeable and informed individuals. All team members are responsible for seeking out the information they need to perform their work responsibilities, and for willingly providing information to others in a positive and open manner. Communication must be open and two-way. Supervisors and team members are expected to be good listeners and must provide each other with easy access to information.
- **Mutual trust and respect.** Effective teamwork and cooperation, as well as open and honest communication, are based on developing and maintaining trusting, respectful relationships. Supervisors must provide a work environment that encourages and supports these relationships. All team members must guard against prejudging, jumping to conclusions or questioning another person's motives or actions.
- **Increasing standards.** Team member skills and abilities must be continually expanded to meet changing job requirements and maintain business competitiveness. Supervisors must stimulate positive change by providing clear performance expectations, resources for self-development, and by maintaining high standards in the selection of individuals for hire, promotion, transfer or reassignment. Team members must continually develop their skills and abilities to be able to meet ever-changing job requirements.
- **Individual responsibility.** Supervisors are responsible for providing a positive and supportive work environment that encourages individual responsibility and initiative. Team members are responsible for taking advantage of the opportunities available to them, and for working toward positive change.

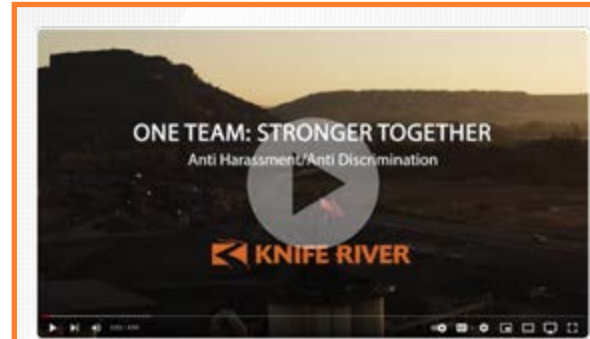
## Diversity, Equity and Inclusion

Knife River is a people-first company. And that means all people. We have implemented the philosophy that we are One Team: Stronger Together. Our “One Team” statement:

“We treat each other with respect and professionalism. We embrace the diverse backgrounds and viewpoints of our team members. And we continue learning from each other to keep improving. We are one team and we are stronger together.”

We provide several training programs in this area, including:

- Unconscious Bias
- Diversity and Discrimination
- Anti-Racism in the Construction Industry
- EEO/AAP Compliance
- Anti-Harassment
- Leading With Integrity
  - Anti-Bullying
  - Workplace Respect
  - Sexual Harassment
  - Anti-Discrimination



Training is a key part of Knife River’s “One Team: Stronger Together” approach.

Additionally, our goal is to increase the number of available minority, female and veteran job candidates by working directly with organizations that advocate on their behalf. That includes the National Association of Minority Contractors, with whom we have a partnership for outreach efforts and scholarships for training at the Knife River Training Center.

We view diversity through a broad lens. Diversity is who we are as individuals, including the differences that make each team member unique. Those differences go beyond gender and race. Diversity also includes education, where we are from, our work experience, sexual orientation, physical ability and all the other factors that make us who we are. By valuing, respecting and rewarding individuals and groups free from prejudice and fostering a workplace climate where equity and mutual respect are intrinsic, we create a cooperative, success-oriented workforce.

Knife River has three strategic goals related to diversity and inclusion:

- To enhance collaboration efforts. An inclusive work environment allows team members to increase collaboration and cooperation, and to share best practices and ideas within our companies and across our enterprise. It also allows team members to work together to develop new ways to meet individual, customer and stockholder needs.
- To maintain our culture of integrity, respect and safety. Ensuring team members understand these are essential values will contribute to our growth and success. Respecting the individuality and wide-ranging skills and expertise of our team members is parallel to our core cultural values.
- To increase productivity and innovation. An inclusive work environment values all team members’ perspectives and methods of how to accomplish work and drives more innovative ideas that will help us solve issues effectively. An inclusive environment removes barriers to new ideas and allows our companies to be more productive.

Knife River has an EEO (Equal Employment Opportunity) and diversity officer at our corporate office and at each of our operating segments who serve as a conduit for diversity-related issues, giving a voice to all team members.



Knife River also provides the following to help promote an inclusive environment:

- Benefits for same-sex partners who have a legally recognized marriage certificate or as otherwise directed by state laws and regulations.
- Annual training to team members on diversity and respectful workplace practices, including EEO, workplace harassment, respect and unconscious bias.
- Education for team members on disabilities and how to report their disability status.

Each year, Knife River requires team members to participate in our “Leading With Integrity” program training, which covers our code of conduct as well as additional topics such as diversity and inclusion in the workplace, appropriate workplace behavior, ageism and unconscious bias. The corporation requires 100% participation and completion of training on these important topics.



## Affirmative Action and Equal Employment Opportunity

To be the employer of choice for the broadest pool of talent and skill, Knife River is committed to equal employment opportunity and affirmative action and is dedicated to the achievement of equality of opportunity for all team members and applicants for employment. Knife River strives to meet or exceed all EEO and affirmative action laws, directives and legislation. Our [EEO/Affirmative Action Policy](#) ensures team members are not discriminated against.

We will:

- Recruit, hire, train, promote, discipline and discharge persons in all job classifications without regard to race (including physical characteristics that are historically associated with race, including but not limited to natural hair, hair texture, hair type and protective hairstyle), color, religion, gender, national origin, gender identity, disability, age, marital status, protected veteran status, creed, status with regard to public assistance, sexual orientation or any other characteristics protected under local, state or federal law. No team member shall be retaliated against for raising concerns under this policy.
- Ensure that employment-related decisions are made in accordance with the principles of equal employment opportunity by imposing only job-related requirements for employment opportunities.
- Ensure that all personnel actions, such as compensation, performance reviews, transfers, layoffs, returns from layoff, company-sponsored training, education/tuition assistance and social and recreational programs, are administered without race (including physical characteristics that are historically associated with race, including but not limited to natural hair, hair texture, hair type and protective hairstyle), color, religion, gender, national origin, gender identity, disability, age, marital status, protected veteran status, creed, status with regard to public assistance, sexual orientation or any other characteristics protected under local, state or federal law. No team member shall be retaliated against for raising concerns under this policy.

Knife River and each of its operating segments has an assigned EEO coordinator. The corporation's most recent EEO Employer Information Report can be found on our [website](#).

	Male	Female	Total
Hispanic/Latino	694	60	754
White	3,793	584	4,377
Black/African American	102	5	107
Native Hawaiian/Pacific Islander	132	7	139
Asian	71	15	86
American Indian/Alaskan Native	88	14	102
Two or More Races	137	30	167
Unknown**	5	0	5
<b>Total</b>	<b>5,022</b>	<b>715</b>	<b>5,737</b>

\*As of 7/10/2023 \*\*Unknown or declined disclosure

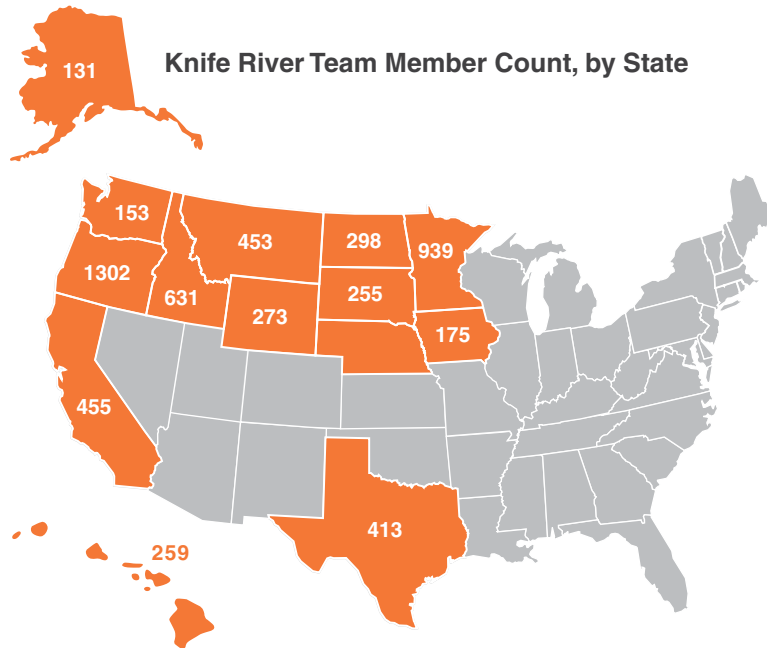
Knife River's corporate office and operating segments, as applicable, prepare annual affirmative action plans.

As part of our commitment to EEO and Affirmative Action our standard legal agreements with subcontractors require that subcontractors comply with all provisions and requirements of applicable EEO/Affirmative Action programs. Evidence of compliance must be made available to our companies or governmental or regulatory agencies upon request.

## Demographics

To better understand Knife River's team members and their needs, we review our team member demographics on a quarterly basis. The number of team members fluctuates during the year due to work seasonality and the number and size of construction projects. At July 10, 2023, the company's workforce consisted of 5,737 team members, including:

- 88% male, 12% female
- 86% non-union, 14% union



## Collective Bargaining

Knife River respects the rights of our team members to join, form or not to join a labor union, consistent with applicable organizing laws, without fear of reprisal, intimidation or harassment. Where team members are represented by a legally recognized union, Knife River is committed to establishing a constructive dialogue with their freely chosen representative and bargaining in good faith.

Team members covered by collective bargaining agreements have the ability to file with the corporation or through Knife River's anonymous reporting hotline any grievances or concerns they may have about the workplace.

In total, about 14% of Knife River's team members at December 31, 2023, were represented by collective bargaining agreements.

## Compensation and Pay Equity

Equity in the workplace includes pay equity, regardless of a person's gender, race or other individual attributes. Knife River annually analyzes pay equity by comparing the compensation of team members in the same or similar positions. We also regularly, and on an ongoing basis, review our pay practices to assure competitive compensation through the use of leading market compensation data sources.

## Benefits

Team member benefits are an important part of Knife River's total compensation program. Our philosophy is to provide and maintain competitive, cost-effective and flexible benefit programs that attract and retain top talent; support business needs and the changing workforce; foster shared responsibility; encourage wise consumerism; and are easy to understand and administer.



Benefits provided to our team members include:

- **Vacation/Paid Time Off.** New full-time team members typically earn two weeks of vacation or paid time off (PTO) during their first year of employment. Vacation or PTO hours vary depending on the team member's years of service with the company and their various city, state and company regulations and policies.
  - Team members are strongly encouraged to take time away from work to refresh, but unused vacation/PTO can be carried over to the next year to a maximum amount outlined in our vacation/PTO policies.
  - Some operating companies allow team members to contribute unused vacation/PTO to other team members in need through vacation/PTO leave contribution programs.
- **Sick leave.** Sick leave may be available to team members who are experiencing illness or need to care for a family member, complying with city, state and federal ordinances, rules and regulations.
  - Family medical leave is available when a team member must be away from work for an extended period of time, such as for a serious medical condition, child birth, adoption or care of a family member.
- **Holidays.** Full-time team members receive compensation on various holidays observed by our companies.
- **Health and welfare benefits.**
  - Health insurance, including medical, dental and vision coverages, are offered to team members. Medical and dental premiums are shared between the team member and the company, with the company paying the majority of the premium.
  - Team members have access to an Employee Assistance Program, providing them with counseling for mental health concerns as well as a wide variety of resources for personal or family concerns.
  - Additional programs available to assist team members with health care needs include:
    - **Included Health** — a health care advocacy program that assists team members with finding medical practitioners, provides virtual medical appointments with a doctor at any time and includes language accommodations for our diverse workforce.
    - **Hinge Health** — a virtual physical therapy program to help team members with back and joint pain, improve pelvic health, recover from injuries, prepare for surgery, or stay health and pain-free.
    - **Omada** — offers personalized health care for team members and family members at risk for Type 2 diabetes or heart disease.
- **401(k) plan.** Team members can contribute compensation, either pre- or post tax, up to statutory limits, with the company matching team member deferrals at rates specified in the plan.
  - Certain operating companies have profit sharing features as part of their plan, allowing for additional company contributions upon the achievement of specified goals.
  - Certain other companies may provide team members additional company contributions as a percent of their salary, depending on their hire date and age.
- **Annual incentive compensation.** Team members may receive additional compensation upon the achievement of goals set by each operating company.
- **Working from home.** Knife River's Work From Home policy allows team members, if approved by management, to work at home or other off-site location for all or part of their regularly scheduled workweek. The company also provides flexible work arrangements, if approved by management, for team members impacted by family emergencies, school closures or other complications.

## Team Member Development

Building a strong workforce requires developing team members in their current positions and for future advancement opportunities. Knife River provides opportunities for team members to advance in their career through job mobility, succession planning and promotions both within and between operating segments.

Key to team member development is open communication between team members and their supervisors to provide ongoing feedback regarding team member performance and opportunities. We encourage supervisors to conduct regular performance reviews with team members through a process called “My Life at Knife” discussions. This review process can be initiated at any time by either the supervisor or the team member, creating an open dialogue about the team members’ goals in the company, the skill development they might need to achieve those goals, and feedback on the supervisor’s performance as a leader. It gives the team member a chance to express concerns about his or her job and to discuss areas of support that would help him or her do the job better. Additionally, frequent, informal discussions between supervisors and team members are encouraged to seek information and provide feedback in a positive, open manner.

### Training Programs

Knife River employs professional trainers through our Learning Services team, which is based out of the Knife River Training Center and which also has representation in field offices. The Knife River Learning Services team has a long-standing tradition of offering quality frontline team member training. In 2023, they provided training to over 1,100 students through 78 separate courses. Training courses include: CDL/new truck driver, experienced truck driver, new and experienced equipment operator, leadership/facilitator development, and construction industry engagement. This training provides opportunities for frontline team members to improve their skills and elevate them to higher-wage positions. Additionally, our field trainers in Idaho and Minnesota provided CDL training to a total of 75 students.

The Learning Services team also continues to add content to the curriculum. They are developing more training in all areas of equipment and truck driving curriculum, product line specific trainings, supervisor training, Spanish translation, technology improvements, and virtual training offerings.

## High School Work-Based Learning Program

Kylee Eagles, 18, grew up handing wrenches to her father, a long-time truck driver, while learning the ins and outs of caring for automotive engines. She’s now a shining example of how the Knife River High School Work-Based Learning Program is changing lives while diversifying and strengthening tomorrow’s construction materials workforce.

Kylee came to Knife River’s Coffee Lake Shop in Sherwood, Oregon, in July of 2022. She was just 17, a high school junior who’d developed an interest in becoming a mechanic but unsure about working full-time in a professional environment.

She found a willing and patient mentor in Coffee Lake Shop Manager Keith Nofziger. “Keith has been an amazing trainer,” Eagles says. “He knows what he’s doing and he’s really good at figuring out people’s strengths and weaknesses and using that to help them grow as mechanics.”

Kylee’s growth quickly made her a capable contributor to the shop team. “Her strengths are being able to identify problems and to pick up new things, and she’s doing very well,” says Nofziger, who believes developmental programs are essential for the future workforce. “The industry is going to figure out they need to recruit the younger kids. It’s great to have something like this program because many employers won’t look at someone who doesn’t have experience. It leaves a huge gap in the industry.”

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Kylee said she enjoyed the benefits of Knife River's proactive, engaged approach to learning. When her interests extended beyond the shop, the company showed its full support, sending her to obtain her Class A Commercial Drivers License in the on-site program at the Knife River Training Center in Albany, Oregon. Her training, fees and even her hotel stays came at no cost, a true "people-first" investment in Kylee and the company's shared future.

Kylee's success even caught the eye of the Willamette Educational Services District, which sent a camera crew to capture her at work and share her story with other high schoolers across Oregon. It's an example of how Knife River is maximizing local partnerships to spread the word about the opportunity to grow and succeed as part of the Knife River team. "We are so thankful for our partnership with Knife River," said Willamette ESD Engagement Specialist Cassy Harris. "We've had so many students go on field trips. They've gotten to see the Training Center. Knife River is pouring (energy) into these students and their futures."



Knife River's high school work-based program got Kylee hands-on experience at an early age, and her foot in the door for a career with a bright future.

Once she graduated high school, Kylee immediately accepted a full-time position in the shop. She's now eyeing a welding certificate to continue her professional development while enjoying the freedom of living on her own for the first time.

Reflecting on her experience in the Coffee Lake Shop, Eagles says, "It's a great environment. There's a great team. Our mechanics work well together and it's a good fit all around. It challenges you. You run into something new each day that forces you to learn and grow. Within the past year I have grown exponentially."

## Coaching (Supervisory) Programs

Knife River has adopted a coaching philosophy, based on the belief that it is better to coach than to supervise – for the "coach" and for the team. It's more natural and it's easier to coach the performance you want to see. Coaches also work hard to win and recruit the best talent.

We developed the "6 Cs of Coaching" to help our leaders embrace this coaching philosophy. They are: Care, Communication, Consistency, Challenge, Commitment and Culture. The goal is to build meaningful relationships and chemistry, listen to your team, treat everyone fairly and with respect, and coach your players to grow in their careers.

We want supervisors to create a culture of enjoyment at work. This doesn't always come naturally, so training our coaches in a variety of areas is key. Offerings include both leadership and technical skill development. Currently, some of our regions are offering "Coaches Clinics," which are conferences for supervisors, and we offer a week-long leadership-development course.

## Mentoring: Leadership Development Programs

The Knife River Leadership Development Program is fundamental in our succession planning process. It is focused on identifying critical roles and the potential successors in those roles. Candidates are evaluated to identify areas of opportunity, and individual development plans are created. Plans are customized for each candidate to increase their readiness for their next career opportunity. A variety of training tools have been identified to provide exposure to and knowledge of high-priority skills. Those training tools include: 360 assessments orchestrated by a training partner, trainings facilitated by our internal Learning Services team, specific trainings delivered by external training providers, mentorships, and special project assignments.



## Investing in People, Investing in the Future

In the rich soil of Oregon's Willamette Valley – amid fields of hazelnuts, grasses and grapes – an important new export has taken root.

Construction careers.

Rising from the site of a reclaimed rock quarry near Albany, the Knife River Training Center opened its doors in 2022 to showcase construction as a career of choice, and to help people build the skills they need to grow their careers.

“The Training Center is an investment in two of the world's most precious resources: People and the future,” said Brian Gray, Knife River President and CEO. “We want to help develop individuals' talents so they can build the next generation of America's roads, bridges, runways, buildings and more.”

The center sits on 230 acres and has been designed to build skills through education and experience. Training starts in the classroom and then is applied in the attached dome or elsewhere on the property – all in a secure environment away from live traffic. The Knife River Training Center features:

- An 80,000-square-foot heated/air-conditioned dome with dirt arena for equipment training. It includes a concrete viewing platform and state-of-the-art A/V to immerse students in the learning experience.
- A 16,000-square-foot training building with multiple classrooms that range in occupancy from 15 to 350, depending on configuration. The rooms are equipped with the latest technology. The building also features a 2,400-square-foot enclosed patio and an on-site kitchen for catering.
- Outdoor training facilities, including a haul road and a “Sim Town,” which enables training in a mock urban environment.

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Courses include training to get a commercial driver's license, operate equipment, develop leadership skills and more. The facility is open to anyone looking to pursue a career in construction. That includes individuals from historically underrepresented groups. Knife River has partnered with the National Association of Minority Contractors to provide scholarships for students who can't afford tuition – and in 2023 provided 16 such tuition waivers for minority students. Further, Knife River is working with NAMC on outreach and engagement efforts to underrepresented populations.

“The partnership with Knife River is very important and it's unique,” said Nate McCoy, President and CEO of NAMC-Oregon. “Our relationship has grown over the last five years where we have built trust together and have worked hand-in-hand to create a pipeline for the workforce that is diverse, inclusive and equitable.”



Training Center staff also engage regularly with the Native American community, providing CDL and “Construction Bootcamp” training to tribal members. And the center is a hub of activity for high school students, as more than 800 juniors and seniors participated in career-exploration activities at the Knife River Training Center in 2023. In total, the center hosted 8,455 visitors in 2023, including 1,873 youth and educators.

Additionally, third-party groups are able to rent the facilities for their events. That includes non-profit organizations, which have been able to take advantage of low-cost or no-cost space for their retreats or meetings, helping them to meet their goals. Non-profits that utilized space at the center in 2023 included:

- United Way of Linn, Benton and Lincoln Counties
- Boys & Girls Clubs of Albany
- Boys & Girls Clubs of the Greater Santiam
- Linked Up Vets
- CASA of Linn County
- ABC House

The Training Center is one more way Knife River aims to build strong communities by being directly involved in their betterment.

## Team Member Recruitment

Building a strong workforce begins with team member recruitment. Knife River uses a variety of means to recruit new team members for open positions, and applications are available both online and in person:

- **Website.** Knife River's website contains postings of all positions within the corporation that are available to external applicants. Detailed job postings are available and anyone interested in applying may do so directly.
- **Social media.** Available positions are posted through various social media tools, such as Facebook, LinkedIn, Instagram and Twitter.
- **Job service organizations.** Job opportunities are posted through various state job service organizations. Knife River also uses CIRCA to ensure postings are distributed to diverse agencies across our operating footprint.
- **Associations.** Partnerships with disability, veteran, female, LGBTQ and minority professional associations are used in sourcing job candidates.
- **Colleges.** Partnerships and relationships with colleges and technical schools are developed to hire students and promote knowledge of the corporation. Our company representatives meet with career placement personnel, department heads and student clubs.
- **Career fairs.** Our company representatives attend career fairs to promote the company and seek applicants for open positions.
- **Advertising.** We post ads for open positions online, on TV/radio and in print media/billboards.
- **Team member referrals.** The company offers a referral program through which team members may receive a bonus upon the new hire's successful onboarding and completion of an introductory period.

Knife River actively reaches out to underrepresented populations. Both organically and through our partnership with the National Association of Minority Contractors – with whom we have a scholarship arrangement at the Knife River Training Center – we actively recruit females, minorities, veterans and other underrepresented groups.

Team Members	Knife River <sup>1</sup>	U.S. Benchmark <sup>2</sup>
Females	12.5%	6.9%
Minorities	23.7%	Exceeds all geographical area benchmarks
Veterans	7.6%	5.4%

Source: OFCCP.

<sup>1</sup> As of 7/10/2023.

<sup>2</sup> Source: OFCCP. Benchmark goals for minorities vary by geographic area. Knife River exceeds the AAP benchmark in each state where we operate.

Annualized Turnover by Year*	Knife River	U.S.	Total Private	Mining/Logging	Construction
2022	32%	47%	52%	37%	53%
2023	28%	44%	48%	44%	53%

\*Source: BLS Statistics.



## Higher Education Internships

Knife River runs an internship program geared toward students who are pursuing a college-level degree. The goal of the program is to prepare students for future positions with the company. The program is rooted in a “passport” model. The intern passport is designed to be a guide for mentors (project managers, engineers, accountants, IT professionals, HR generalists, Technical Services managers and other professional roles at Knife River) and interns to cover as much ground as possible within a specified time period. Each passport is customized to the needs of the operation in which the intern is assigned. The passport is designed to be self-guided, so the intern can work at their pace to gain exposure to competencies that align with their career goals.

Program highlights include: First week orientation and kick-off event, company tours, discipline-specific competencies, weekly journaling and photos, core value experiences, intern “report cards” (mid-term and final), end-of-summer presentations and an intern survey.

## Workforce Restructuring

Knife River does not have a formalized workforce restructuring policy. However, when a company facility closes, business models change or similar impactful adjustments occur, the company creates a restructuring project plan. In these plans, we consider separation programs, retraining programs, relocation services, deferred job awards and outplacement services.

## Required Training

Knife River requires supervisors to complete training on a variety of important topics. We use a training partner to help administer our training program, which in 2023 included these required topics:

- **Artificial Intelligence:** This training helps supervisors understand the use of this emerging technology, the risks and limitations in the workplace.
- **Code of Conduct:** This annual training on Knife River’s code of conduct and “Leading with Integrity Guide” helps supervisors focus on key risk areas and how to handle them in ways that promote a culture of excellence, inclusion and integrity.
- **Information Security:** This training helps supervisors understand how to protect Knife River’s information against loss and instructs on how to defend against cyber-attacks.
- **Microaggressions:** This testimonial-based course helps supervisors reflect on their own experiences with microaggressions, as well as examine realistic strategies for resolving and preventing them.
- **Sexual Harassment:** This training provides guidance for acting as an “upstander” and ally to victims by taking action in the moment and after the incident. It helps coaches recognize and prevent sexual harassment, discrimination and retaliation.

## Team Member Surveys

While Knife River strives to keep team members informed of company accomplishments and activities, we also need to hear from team members to gauge their opinions on issues such as safety, fairness, camaraderie, diversity, equity, inclusion and pride within the workplace. This is done through a companywide team member survey process.

Survey results are compiled at various levels throughout the company to evaluate results. Results are used to develop action plans that address areas of concern identified by team members.

## Team Member Communication

Knife River encourages open communication among team members and uses a number of communication tools to keep team members informed of company activities and efforts. In addition to in-person meetings, the company uses various tools such as electronic newsletters, the corporate intranet, applications for mobile devices and various other team member-related informational brochures and videos. Knife River's "Life at Knife" app is a tool to share information and resources with all company team members. Other communication efforts include websites, social media tools and presentations.

## Staying Connected: The 'Life at Knife' App



**Knife River believes engaging with our team is important to our success.**

Whether it's operational updates, safety information or recognition for a job well done, we want to keep our team connected. In 2020, we launched the "Life at Knife" app to put real-time company news and tools in the palms of people's hands. In addition to a newsfeed, the app includes several tools to help make the work day easier, such as frequently used forms, links to our EAP, a paycheck viewer, and other tools and resources. As of Oct. 31, 2023, over 90% of our team members had access to the Life at Knife app, and we continue to find ways to make the app more helpful for our team.

## Ethics Reporting

Knife River's team members are encouraged to ask questions of or report concerns to their supervisor. If team members have concerns that something may be unethical or illegal within the company, they are encouraged to report their concerns to a human resources representative, a company executive or their compliance officer.

For those wishing to remain anonymous, Knife River also has an anonymous reporting hotline. Team members, customers and other stakeholders can report confidentially and anonymously through this third-party telephone- and internet-based reporting system any concerns about possible unethical or illegal activities. Reports are carefully considered and investigated. Summaries of the reports and investigative results are provided to the Audit Committee of the Board of Directors.

Anyone who wishes to file an anonymous report can call 1-844-606-0506 or visit <http://kniferiver.ethicspoint.com> or <http://kniferivermobile.ethicspoint.com>.

## Policies

Knife River has policies, procedures and practices in place that help communicate our corporate vision and values and guide our team members' actions. While certain policies apply to all Knife River operations, other policies are specific to certain locations to accommodate particular needs within the organization. Our operating segments also have handbooks that address workplace expectations.

## Key Policies

Policy	NO.
<b>Human Rights</b> Affirms the company's commitment to salient human rights.	403
<b>Leading With Integrity Program</b> To assure each team member is aware of and understands the Leading with Integrity Guide (Code of Conduct).	400
<b>Compliance Program, Reporting and Investigation</b> Provides a process for the receipt, retention and treatment of reports regarding areas of accounting, internal controls, auditing matters, legal, ethical, human resources and safety.	408
<b>Insider Trading</b> Provides guidance on prohibited actions to ensure compliance with insider trading laws.	401
<b>EEO/Affirmative Action</b> Affirms the company's commitment to the philosophy of Equal Employment Opportunity and Affirmative Action to the achievement of equality of opportunity for all team members and applicants for employment.	HR 100.1
<b>Harassment</b> To provide all team members a positive work environment, free from all forms of harassment, including sexual harassment.	HR 119
<b>Work from Home</b> Allows team members to work at home for all or part of their work schedule as an option to provide flexibility to the team member.	HR 120
<b>Alcohol &amp; Drug Free Workplace</b> Affirms the company's commitment to a safe workplace free of alcohol and drugs.	200.2
<b>Disciplinary Action</b> Establishes standards for the administration of discipline and a process to appeal disciplinary actions taken.	HR 102
<b>Preventing Violence in the Workplace</b> Provides guidance to ensure a safe and secure working environment.	HR 117
<b>Smoke Free &amp; Tobacco Free Work Environments</b> Provides a healthy work environment that also complies with state laws regarding tobacco restrictions.	HR 118.1
<b>Request for Customer and Team Member Information</b> Establishes standards for the release of information regarding customers and current or former team members to managers, team members, organizations or individuals outside the company.	HR 107
<b>Team Member Performance Appraisals</b> Ensures team members are kept informed of their performance and assists supervisors in appraising team member of their progress and potential or areas that need to be strengthened.	HR 104



# Our Stockholders

We will act in the best interests of our corporation and protect its assets. Every director, officer and team member has a duty to protect our corporation's property and financial integrity, and to provide our stockholders with timely, accurate information. We will not let personal interests conflict with our corporation's interests.

## Accounting and Financial Reporting

Every team member is responsible for protecting Knife River's financial and physical assets, and management is responsible for establishing and maintaining appropriate internal controls to ensure the protection of our assets and to ensure accurate and timely financial reporting. Every team member is responsible for abiding by management's internal controls for protecting the corporation's assets.

Knife River maintains accurate accounting records, which include all assets, liabilities, revenues, expenses and financial transactions, in accordance with Generally Accepted Accounting Principles (GAAP).

All material off-balance-sheet transactions, arrangements and obligations, contingent or otherwise, and other relationships of Knife River or its operating companies with unconsolidated entities or other persons that may have material current or future effects on the financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenues or expenses are disclosed to the Audit Committee of the Board of Directors and to the corporation's independent auditors.

No team member or director may interfere with or seek to improperly influence, directly or indirectly, the auditing of Knife River's financial records.

Policies require team members who become aware of any improper transaction or accounting practice to report the matter immediately to their supervisor, the chief legal officer, the internal auditing director, or a member of the Audit Committee. A team member also may file a confidential, anonymous report through the ethics hotline. There will be no retaliation against team members who disclose, in good faith, questionable accounting or auditing matters.

## Fair Business Dealings

Knife River's "Leading With Integrity Guide" outlines that the corporation conducts business through fair, honest and intelligent decisions. No corporate funds or assets may be paid, loaned or otherwise given as bribes, "kickbacks" or payments designed to influence or compromise the recipient's conduct. No team member may accept funds or other assets — influencing preferential treatment for fulfillment of responsibilities — in return for helping get business from our corporation or for getting special concessions from our corporation.

## Protection of Property

All team members are responsible for the proper use of company property, which includes physical resources and proprietary and confidential information. Team members must provide reasonable care for the use and maintenance of property and take adequate precautions to protect assets from misuse, theft, vandalism and accidental loss. Property may not be used for the personal benefit of team members or anyone else, including community or charitable organizations, without prior management approval.

Sensitive information, including Social Security numbers and banking information, are required to be handled according to Knife River's Sensitive Information Policy.

## Trademarks, Service Marks and Copyrights

Trademarks and service marks — words, slogans, symbols, logos or other devices used to identify a particular source of goods or services — are important business tools and valuable assets that require care in their use and treatment. Knife River's trademarks, service marks and logos are governed by the corporation's Logo Protocol Policy.

## Inside Information

Team members may not trade in or even recommend corporate stock based on inside information. "Insider trading" is the purchase or sale of a publicly traded security while in possession of material non-public information about the issuer of the security. Such information includes non-public information on, for example, corporate earnings, significant gains or losses of business, or the hiring, firing or resignation of a director or officer of the corporation. Insider trading is prohibited by securities laws. So is "tipping," which is communicating such information to anyone who might use it to purchase or sell securities.

Officers and directors of the corporation are prohibited from trading in corporate stock during a "Blackout Period," as described in the corporation's Insider Trading Policy.

## Conflicts of Interest

Knife River's code of conduct, the "Leading With Integrity Guide," requires directors, officers and team members to conduct themselves in such a way that there is no conflict — or even the appearance of a conflict — between their personal interests and the corporation's interests. Team members and non-executive officers who recognize a conflict of interest must report it to their supervisor, the human resources department, the chief legal officer or the internal audit director. Directors and executive officers must report to the chief legal officer all proposed or existing transactions between them or their immediate family members and the corporation.

## Personal Financial Interests

Knife River's Related Party Transactions Policy requires a team member to disclose and obtain approval of a transaction in which the corporation is a participant and the team member or an immediate family member has or will have a direct or indirect material interest.

## Significant Relationships

Knife River team members are required to disclose "significant relationships," meaning a family, business or personal relationship that causes or appears to cause an inability on the part of a team member to objectively and impartially perform his or her responsibilities.

These might include:

- A family, business or personal relationship with another team member with whom a reporting relationship exists. This applies whether the relationship is direct or indirect and whether it is superior-to-subordinate or subordinate-to-superior.
- A relationship with an officer of any Knife River company.
- A relationship with another corporate team member whose career or terms and conditions of employment may be affected by the reporting team member.

# Appendices

## Construction Materials SASB table

SASB Code	Topic	Accounting Metric	Category	Unit of Measure	Knife River Corporation Results
EM-CM-110a.1	Greenhouse Gas Emissions	Gross global Scope 1 greenhouse gas (GHG) emissions to the atmosphere (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride); percentage covered under emissions-limiting regulations	Quantitative	Metric tons of CO2-e, Percentage (%) - calculated in accordance with published GWP factors	Knife River produced approximately 421.7 metric tons of carbon dioxide equivalents in 2023, based on diesel fuel, natural gas, propane and other energy sources consumed and tracked in operations and converted using the global warming potential factors as identified by the Intergovernmental Panel on Climate Change's Fourth Assessment Report.
EM-CM-110a.2	Greenhouse Gas Emissions	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion & Analysis	n/a	Knife River does not have scope 1 greenhouse gas emission reduction targets. It constantly evaluates and updates its equipment to the most efficient and cost-effective option available, while ensuring it is complying with all regulatory requirements. As manufacturers produce equipment or as regulations require changes to equipment that is more fuel efficient and produces fewer emitters, Knife River's emissions equivalents decline when replacing equipment with these higher-efficiency options.
EM-CM-120a.1	Air Quality	Air emissions for the following pollutants: NOx (excluding N2O), SOx, particulate matter, dioxins/furans, volatile organic compounds, polycyclic aromatic hydrocarbons, and heavy metals	Quantitative	Metric tons	Knife River does not track air emissions for all of these compounds. However, the company complies with all air quality permits for its facilities.
EM-CM-130a.1	Energy Management	Total energy consumed, percentage grid electricity, percentage alternative and percentage renewable	Quantitative	Gigajoules, percentage	Knife River tracks energy consumption across all of its facilities to provide an aggregate consumption amount. The total energy consumption as well as the percentage of alternative/renewable energy used is impacted substantially by the annual scope and mix of mining, product sales and construction activity at its operations.
EM-CM-140a.1	Water Management	Total water withdrawn, total water consumed; percentage of each in regions with High or Extreme High Baseline Water Stress	Quantitative	Cubic meters, percentage	Knife River tracks water consumption at its facilities where it is a regulatory requirement but does not track water consumption in all operating areas. In operating areas that are particularly sensitive to water use, such as California, Knife River has special programs in place to make the most efficient use of the resource, such as washout systems and settling ponds at its ready-mix concrete facilities and aggregate sites to contain water on the properties and enable the re-use of processed water in aggregate and ready-mix production and washing of ready-mix equipment, which reduces the amount of fresh water that is needed in its operations. Fresh water is withdrawn from on-site wells or from local water utilities, if processed water cannot be used in the production of products.
EM-CM-150a.1	Waste Management	Amount of waste generated from operations, percentage hazardous, percentage recycled	Quantitative	Metric tons, percentage	Knife River reclaims or repurposes substantially all waste from its ready-mix concrete and asphalt operations.
EM-CM-160a.1	Biodiversity Impacts	Description of environmental management policies and practices for active sites	Discussion and Analysis	n/a	Please see additional information on this website.
EM-CM-160a.2	Biodiversity Impacts	Terrestrial land area disturbed, percentage of impacted area restored	Quantitative	Acres, percentage	Knife River does not track this data at all of its facilities.
EM-CM-320a.1	Workforce Health & Safety	(1) Total recordable injury rate and (2) near miss frequency rate for (a) full-time employees and (b) contract employees	Quantitative	Rate	Recordable injury rate for all full-time employees: 2023 — 2.20 2022 — 2.39
EM-CM-320a.2	Workforce Health & Safety	Number of reported cases of silicosis (including a discussion of efforts to minimize workers' exposure to crystalline silica)	Quantitative	Number	Knife River does not have any reported cases of silicosis. In addition to meeting related regulatory requirements, Knife River maintains a Silica Exposure Plan to provide guidance on controlling occupational disease exposures to respirable crystalline silica for employees, other workers, and the public, in addition to meeting related regulatory requirements. A combination of control measures are used to achieve this objective and compliance with MSHA and OSHA standards. These controls vary based on the type of work being performed, equipment being used, and crystalline silica content in the materials being used.
EM-CM-410a.1	Product Innovation	Percentage of products that qualify for credits in sustainable building design and construction certifications	Quantitative	Percentage of annual sales revenue	The materials Knife River provides are made to meet specifications defined by a project owner or engineering/architecture firm. When available, Knife River will propose value-engineering options to use alternative materials that reduce product cost, improve quality, or introduce recycled materials into a project; however, Knife River does not track the quantities of products it provides that can be used for credits in sustainable building design and construction certification.
EM-CM-410a.2	Product Innovation	Total addressable market and share of market for products that reduce energy, water, and/or material impacts during usage and/or production	Quantitative	U.S. Dollars, Percentage	Knife River does not provide information on markets and market share for the products and construction services it provides.
EM-CM-520a.1	Pricing Integrity & Transparency	Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and anti-trust activities	Quantitative	U.S. Dollars	Knife River has never incurred fines or paid settlements related to cartel activities, price fixing, or anti-trust activities.
EM-CM-000.A		Annual production by major product line Note: Determination of major product line (e.g., cement and aggregates, composites, etc.) should be based on revenue generation, and may include a category of "other" construction materials products that combines multiple smaller revenue streams.	Quantitative	Metric tons (t)	Please see additional information contained in Knife River's Form 10-K on this website.



## TCFD guidelines table

TCFD Recommended Area of Disclosures	Knife River Corporation's Related Content in this Report
Governance: Describe the board's oversight of climate-related risks and opportunities.	Governance, page 8 Board of Directors, page 13 Governance of Risks and Opportunities, page 14
Governance: Describe management's role in assessing and managing climate-related risks and opportunities.	Knife River Corporation Environmental, Social and Governance Initiatives, Goals and Highlights, pages 7-8 Governance of Risks and Opportunities, page 14
Strategy: Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	See Risk Factors in Knife River Corporation's most recent Form 10-K Potential Impacts of Climate Change, pages 24-26
Strategy: Describe the impact of climate-related risks and opportunities on the organization's business strategy and financial planning.	Vehicle Emissions Reductions Efforts, page 16 Renewable Diesel, page 18 Reducing the Use of On-Road Trucks, page 18 Water Management, page 18 Land Impacts, page 18 Recycling, page 21 Environmentally Friendlier Asphalt, page 22 Impacts of Regulations and Laws, page 23 Environmental-Related Investments, page 24
Risk Management: Describe the organization's processes for identifying and assessing climate-related risks.	Board of Directors, page 13 Governance of Climate Risks and Opportunities, page 14
Risk Management: Describe the organization's processes for managing climate related risks.	Board of Directors, page 13 Governance of Risks and Opportunities, page 14
Risk Management: Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	Board of Directors, page 13 Governance of Risks and Opportunities, page 14
Metrics and Targets: Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Board of Directors, page 13 Governance of Risks and Opportunities, page 14
Metrics and Targets: Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	Reference SASB appendices where emissions are provided Knife River Environmental Stewardship Goals, page 6
Metrics and Targets: Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Knife River Environmental Stewardship Goals, page 6

Sustainability data can be challenging to measure accurately. Knife River works continuously to improve its data measurement, gathering and reporting processes to increase the integrity of the information presented. This report contains the best data available at the time of publication. The data reporting period is for calendar year 2023 unless otherwise noted.

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