

# ENGINEERING KOMPETENZ

Walter was founded in 1919 and is today one of the world's leading companies in metalworking. Our brand promise is to deliver the highest technical standards in the machining industry. For us, this includes a wide range of highly productive and economical precision tools, as well as comprehensive consulting and service solutions.

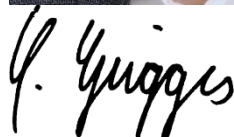
Walter works with its customers to develop customized machining of components in the aerospace, automotive, energy and general engineering industries.

For a high-tech industrial company like Walter, as part of the Sandvik Group, sustainability represents a major business opportunity. By developing more efficient, safer, and environmentally friendly solutions in our product range, we and our partners are taking important steps towards a more sustainable and digitalized future. This corporate information provides the framework and requirements for Walter's sustainability work and applies to all Walter locations worldwide.

With our competence brands,



we are a partner to our customers and more than just a supplier. With this range of services, we are comprehensively geared towards the requirements of our target markets in all planning, purchasing and machining processes.



**Christoph Geigges**  
President



**Gerhard Schübler**  
Head of Sustainability

**INHALTSVERZEICHNIS**

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This information and policy statement applies to our employees in all areas of the company worldwide. With these standards, we commit all employees to behave appropriately and lawfully towards colleagues, partners and communities. We expect our partners, suppliers and service providers to pass on our commitment to respect human rights to their business partners and to act ethically and with integrity.

## 1 GENERAL INFORMATION

<b>Head office address</b> Walter AG Derendinger Street 53 72072 Tuebingen Germany P.O. Box 2049 72010 Tuebingen	<b>Management Board</b> <ul style="list-style-type: none"> <li>• Christoph Geigges (Chairman)</li> <li>• Menderes Kayhan</li> <li>• Martin Svensson</li> </ul>
Telephone	+49 (0)7071/701-0
Service Contact	service@walter-tools.com
Locations	Further specific information can be found on our homepage
Homepage	<a href="https://www.walter-tools.com">https://www.walter-tools.com</a>
Tax no.	86119 28001
Sales tax no.	EN 146894402
Pay scale affiliation Walter AG	Employer's Liability Insurance Association for Wood and Metal

<b>Total number of employees</b>	<b>3800*</b>	
<b>Product life cycle management</b>	<b>200</b>	
<b>Customer relationship management</b>	<b>1400</b>	
- Marketing, sales & customer service		1000
- Engineering		400
<b>Supply chain &amp; operations</b>	<b>1950</b>	
- Production & Facility Management		1700
- Purchasing & Logistics		130
- Quality assurance		120
<b>Finance, Performance, Risk &amp; Legal</b>	<b>60</b>	
<b>Sustainability (quality, EHS &amp; energy)</b>	<b>20</b>	
<b>Personnel management</b>	<b>80</b>	
<b>IT &amp; Digital Systems</b>	<b>70</b>	
<b>Corporate Communications</b>	<b>20</b>	

\*Figures are approximate

## 2 ORGANIZATION AND CORPORATE STRUCTURE

Walter's headquarters are located in Tübingen, Germany. The organization of Walter is led by the Chairman of the Management Board and nine Walter Executive Vice Presidents.

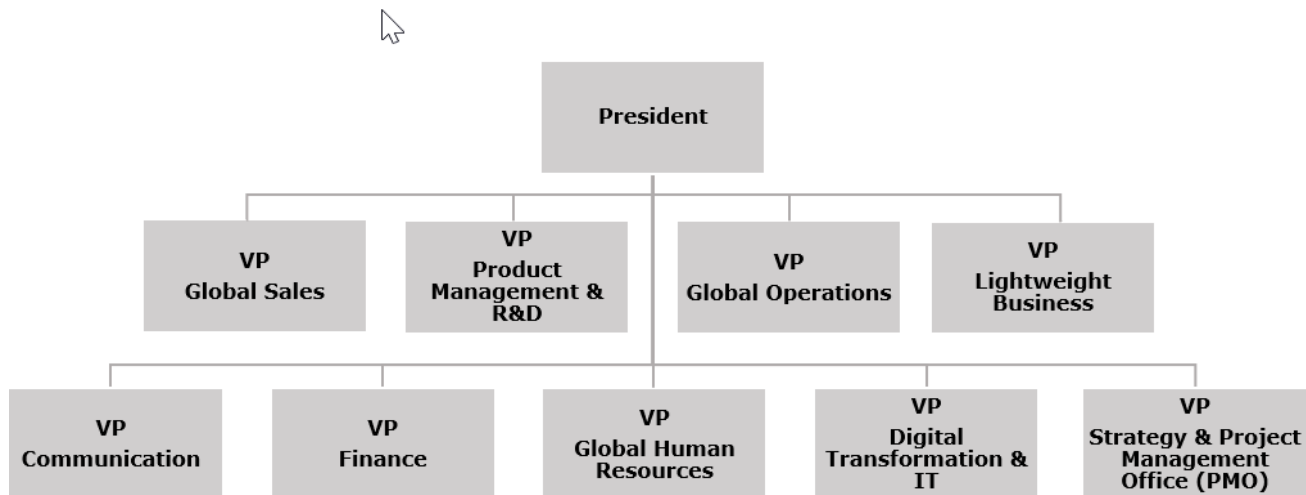


Fig. Walter Management team

Overall responsibility for the integrated management system and the area of sustainability, as well as the responsible use of resources, lies with the Management Board of Walter AG.

To ensure this is consistently pursued within the company, there is a responsible "Head of Sustainability", who reports directly to the Management Board. The management, all executives and every person entrusted with a management role contribute to this responsibility. The organizational structure is shown in organizational charts.

Various experts are appointed to support the managers and have an advisory function (staff units). These staff units are usually prescribed by law or result from standard requirements.

Examples include

- Occupational safety specialist
- Company doctor
- Employee representatives (works council)
- Occupational health and safety committee
- Waste management officer
- Water protection officer
- Fire protection officer
- Dangerous goods officer according to ADR

Company officers are responsible for monitoring hazardous processes and compliance with safety regulations in the company. The number and type of officers may vary from branch to branch due to local conditions. The names of the authorized persons in the individual branches are communicated both internally and externally.

### **3 SOCIAL AND ETHICAL RESPONSIBILITY**

#### **3.1 INTERNAL CODE OF CONDUCT**

At Walter, we can look back on a long tradition of business conduct characterized by ethics, a sense of responsibility and sustainability. This attitude has always been an important factor in the global success of our company in all our business activities. Conducting business on a global level and under complex market conditions is multi-layered.

For Walter, ethical and sustainable business practices are paramount. These standards are the basis for all our actions - both in our own business processes and in our business relationships with our customers and suppliers. Walter always follows this practice, even in difficult situations. We adhere to our Code of Conduct, assess our progress and take immediate action when necessary. This proves how deeply rooted this behavior is in our culture. A culture of doing the right thing.

#### **3.2 CODE OF CONDUCT FOR BUSINESS PARTNERS, SUPPLIERS & SERVICE PROVIDERS**

Walter is committed to the fundamental principles of human rights, labor rights, environmental protection and anti-corruption throughout our business activities. This also includes building sustainable relationships with our business partners, suppliers and service providers. In this way, we create a solid foundation for a sustainable future for ourselves and our stakeholders.

We take responsibility for the business partners, suppliers and service providers with whom we work with and expect the same level of integrity, honesty and ethical behavior from them that they can expect from us. Together, we must consider the economic, environmental and social impact that our activities have on our world. Our Code of Conduct for Business Partners, Suppliers & Service Providers is a fundamental contractual component for business relationships.



### 3.3 OUR CORE VALUES

#### Customer orientation

We are agile, decentralized and make customer-oriented decisions. For us as an organization, this means

- We manage our business on a decentralized basis with decisions and responsibilities close to the customer
- We react quickly to customer requirements and adapt to changing market conditions
- We are customer-centric and constantly strive to exceed our customers' expectations and enable them to excel in their business



#### Innovation

We are technology leaders through innovation, which means for us as an organization:

- We always strive for technological leadership through innovation and successful partnerships
- We use our expertise and collaborative working methods to enable both day-to-day improvements and innovative changes



#### Fair Play

We are ethical and legally compliant and are committed to health, safety and sustainability. For us as an organization, this means

- Health and safety are our top priority
- We conduct business in a sustainable and responsible manner
- We are guided by our Code of Conduct and the Walter Way



#### Passion to Win

We establish market leadership through empowered employees, strong performance management and continuous improvement. For us as an organization, this means

- We have a culture of execution and continuous improvement
- We are a transparent, high-performance organization with strong performance management
- We push boundaries and are passionately committed to ensuring our market leadership with the aim of being No. 1 or No. 2



## 4 SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS

In our day-to-day business and in all our activities, we support the International Bill of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption, as set out in the ten principles of the United Nations Global Compact, of which we are a member.

We are committed to complying with these principles as well as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Walter is committed to the UN Sustainable Development Goals (SDGs). We have defined the goals that are most important to us and to which we actively contribute.

### UN Sustainable Development Goals (SDGs)



Our vision is to be the most sustainable manufacturer of tools in the metalworking industry. Sustainability is a moral obligation for Walter - from an ecological point of view, but also to ensure a long-term successful company that meets the expectations of all stakeholders.

## 5 BUSINESS RELATIONS

Walter supports its subsidiaries, sales partners and customers via a network in over 80 countries around the world. Our customers can therefore rely on the local support of our customer advisors and application engineers as well as our sales partners, who are supported by digital tools to select, procure or optimize the best machining solution. With their expertise and commitment, they create added value and work for the daily business success of our customers.

In close cooperation with our customers, we develop and manufacture customized solutions for the machining of parts and components. With our products we are exposed to strong competitive pressure. At our locations around the world, we regularly visit national and international customers in order to deepen the technical exchange.

We see our suppliers and service providers as partners with whom we work closely. We work together on the technical exchange and development of new technologies in order to achieve a solution-oriented result for both sides. To ensure consistent tool quality, we also work closely with our suppliers and service providers when purchasing materials.



## 6 CREATE THE CHANGE - OUR SUSTAINABILITY STRATEGY

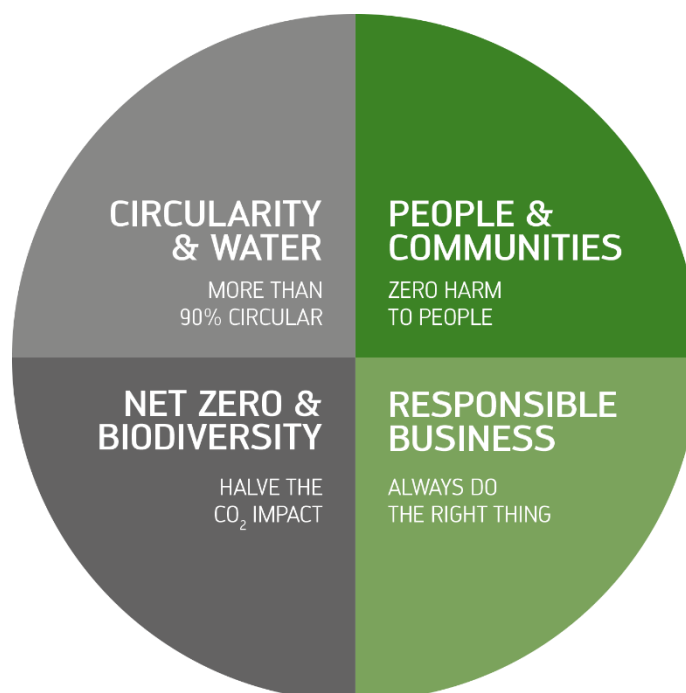
*Successful in machining - successful in sustainability.*

Walter is a driver of the green transformation. Since 2014, we have introduced an energy management system and implemented many activities to reduce energy consumption. Sustainability has been a strategic pillar of our global corporate strategy since 2019. Within this pillar, there are four defined sustainability focus areas with clear targets up to 2030. These sustainability targets cover the areas of Circularity & Water, Net Zero & Biodiversity, People & Communities and Responsible Business, and form the basis for our actions. We consider all of these areas to be particularly important and we can make a difference in them.

To implement this strategy and pursue these goals, a sustainability committee with four sub-teams has been set up to work on the 2030 roadmaps for each sustainability focus area. This ensures we focused to achieve our sustainability and selected SDGs targets. The targets are reviewed every quarter and communicated within the company. They are adjusted and completed in an annual review.

The identification and evaluation of environmental and energy aspects, and their impact on the environment, employees, activities, products and services, is systematically implemented according to a defined procedure. Based on the aspects identified, measures are defined, tracked and reviewed for implementation, and targets defined if necessary, following the subsequent assessment. Production sites are certified in accordance with ISO 14001, ISO 45001 and 50001. Measures are tracked using site-specific action plans.

After all, society's expectations, and even more so those of the generations to come, are shaped by issues such as global warming, air and water pollution and resource scarcity. Like the entire Sandvik Group, Walter is committed to sustainable change and, as a responsible company, consistently focuses on sustainability.



## INITIATIVE FOR SCIENCE BASED TARGETS

Walter, as part of the Sandvik Group, is committed to setting targets in line with the Science Based Targets initiative (SBTi), which are in line with the Paris Climate Agreement to keep global warming below 1.5°C.

By setting science-based targets, we are taking another important step in our sustainable corporate strategy. The commitment to SBTi underlines our determination to reduce the impact of our products and our operations with the aim of becoming a Net Zero company. We are constantly working with customers, business partners, suppliers and service providers to develop more productive, safer and more sustainable solutions.

"Science Based Targets strengthens our commitment to our sustainability agenda, in an even more transparent way, and drives positive collaboration. This is beneficial for both business and society.

## CIRCULARITY & WATER

***By 2030, we have set the goal of achieving 90% circularity. In concrete terms, this means: We will create a 90% circular economy for products, raw materials and waste.***

Reconditioning and Recycling play a detrimental role to achieve this goal. But there are many other aspects. Legal, operational and Group requirements must be also implemented to reach the goal for example, according to the German Commercial Waste Ordinance, a 90% quota for separating and collecting waste per year. We analyze processes and identify availabilities, such as how we can re-cycle raw materials. And we want to raise awareness!

By 2024, we will create a roadmap in which we define individual steps and milestones on how to achieve our goal. We work on this roadmap continuously and adjust it accordingly time and again.

## NET ZERO & BIODIVERSITY

***By 2030, we want to reduce CO2 emissions by 50%!***

To achieve this, we continuously analyze processes and look for potentials to save energy. For the transparency and credibility we have to analyze data and actions to reduce the emissions. The measuring of energy flows is indispensable. This way, we know exactly how much emissions we are reducing and create transparency to communicate in a credible way. For example, our efforts to extend the service life of the tool or to use materials with a lower emission factor. It is important to us to incorporate sustainability into the value chain right from the start.

In order to produce "emission-free energy" we use Guarantees of Origin (GoO). We cover all the electricity we do not produce ourselves with GoO, ensuring a sustainable and green supply. In this way, we guarantee the lowest possible emission energy supply. These green energy certificates are accounted for based on energy purchased and then procured at the end of the year. We also install photovoltaic systems on all buildings that we own and that permit this from a structural point of view. From analysis to saving - we measure, we analyze, we define actions to reduce emissions, share best practice and start all over again.

## PEOPLE & COMMUNITIES

### *The goal is zero harm to people.*

Occupational safety plays a major role in this team. However, it's not just about physical health, but also mental health. How do we manage to be a safe, sustainable company with motivated employees and a decreasing incident rate? We put the health and well-being of our employees first and develop measures to raise awareness of hazards.

It should be important for all employees to look out for colleagues, to feel responsible and to support each other. When we are all doing well, productivity, quality and motivation increase. Various health and well-being programs are in place at all sites. Safety training is mandatory for new employees. The Bradley curve shows what happens when we come to the interdependent stage with zero accidents. All employees are aware that it is important to care and look out for each other, are proud to be part of the company and follow the rules because they want to.

## RESPONSIBLE BUSINESS

### *Our goal is Always Do the Right Thing.*

A good corporate governance is necessary to enable effective and efficient operations and to avoid non-compliance and errors that impair successful and sustainable corporate performance. Therefore the team takes care of three high-level topics:

#### 1) Guidelines for the day-to-day business

We work on monitoring, adapting to requirements of our stakeholders (e.g. Group, customers, authorities) and continuously improve the "Structure of corporate governance".

To determine whether activities are carried out in accordance with policies, procedural descriptions, instructions, templates, etc. described in the "Walter Way", the team works with results of internal audit programs and external certifications.

#### 2) Legal compliance

We work on standardized communication contents for customers, suppliers or authorities in regard to corporate, sustainability and legal requirements that must be complied with. To make sure that all employees within Walter understand the principles and rules regarding compliance topics we support and follow-up training and instruction activities.

#### 3) Sustainable business relationships

To ensure legal compliant supply chains along the entire value chain and support compliance with regulations, guidelines and rules, we are working on sustainable guidelines for our business partners and procedures to support implementation. These include, for example, the "Code of Conduct for Suppliers".



## 7 SUSTAINABLE SOLUTIONS

With "Engineering Competence", Walter has committed itself to making the transition to a more sustainable company. Integrating sustainability into our business model and way of working creates value for all stakeholders: customers, employees, shareholders and society.

We strive to create added value through high-caliber technical solutions and thus be the first choice for customers. The expertise required for this is based on strong innovation and customer orientation. In addition to high precision and quality, Walter offers its customers value-adding services along the entire value chain. As a partner for highly efficient, digitalized process solutions, we increase our customers' productivity in the selection, procurement and use of Walter tools.

We pursue a comprehensive approach that ensures the continuous identification and evaluation of occupational health and safety, environmental and energy aspects and their impact on the environment, employees, operations and Walter's products and services. Based on the aspects identified, necessary measures are defined and, if necessary, targets are set, the implementation of which is monitored and reviewed. The measures are tracked on the basis of site-specific action plans.

### 7.1 OUR PRODUCTS AND SERVICES

We develop innovative precision tools for machining. Each individual product not only contains precision, perfection and quality, but also the know-how of our employees that has grown over generations. Our product range includes

- Tools for turning, grooving, drilling, milling, thread cutting, tool holders
- Customized special tools & technology solutions

We understand our customers' machining processes. We analyze the process chain, define potential improvements and support the customer in implementing them.

The services we offer include

- Tool management / consulting and supply of automated tool storage systems (vending machines)
- Planning of the manufacturing process (complete design and optimization of the machining process of workpieces, including, if necessary, design and delivery of fixtures and NC programs)
- Walter Xpress (fast configuration and delivery of customized tools)
- Repair of PCD tools and reconditioning of solid carbide tools
- Recycling of worn solid carbide tools
- Standardized and individual technical training for all processing issues

The safe and efficient use of our products is of the utmost importance. We strive to support our customers and improve their use of energy and resources with our products, while ensuring safety and sustainability. We provide comprehensive safety instructions for the use of our products and offer customers and users training and educational material so that they can be used efficiently and safely.

Digitized processes and the exchange of data are indispensable today if production processes are to be optimized or new ones planned. However, their efficiency and productivity already differ at a much earlier stage: when all relevant information is made available, and the right tool is easily selected and ordered. information and the simple selection and ordering of the right tool. This is exactly what Walter Digital stands for - and not just with customized interfaces with our customers' systems.

Efficient internal processes enable us to offer you targeted solutions quickly. The digital solutions we offer include

- Digital solutions for selecting and procuring the right tool
- Sale of integrated software solutions for machining production

In our Walter Technology Centers, we offer test fields in which the technologies of the future are developed, and customer processes are designed, optimized and presented.

In order to make the impact on the environment transparent and measurable for the customer, we already indicate the PCF (Product Carbon Footprint) for our products. This is displayed for all customers in our GPS navigation - an app for determining the best machining solution, which is available online free of charge. This makes it easy for customers to find the perfect tool for their application and component. This GPS app is already enhanced with a sustainability assessment and the customer can receive the CO2 emissions for the usage phase of our tools directly. Or the customer selects the best tool based on the application and they can take the PCF into account here.

## **7.2 PRODUCT SERVICE LIFE**

By reconditioning and recycling carbide tools, we take full responsibility for the environment - and ensure that valuable raw materials remain in the cycle. This pays off for our customers and for us. PCD tools can be reconditioned and returned to their original condition.

We regularly adjust the take-back prices in line with current developments on the raw materials market. As with remanufacturing, Walter also provides special collection containers for the recycling service, which are collected free of charge - regardless of the original manufacturer of the tool.

### 7.3 CUSTOMER CARE (INFORMATION ON THE ENVIRONMENT, HEALTH, SAFETY)

Our commitment to sustainability and the safety of our products is also reflected in our customer service. We not only assist our customers with questions about the use of our products, but also provide comprehensive information on the environment, health and safety.

Our customers have access to comprehensive information on the safe handling and storage of our products. We ensure that our products meet the highest environmental, health and safety standards. Our product information sheets meet the requirements of legal regulations such as the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and RoHS (Restriction of Hazardous Substances in Electrical and Electronic Equipment). These documents provide our customers with transparent information about the conformity of our products with the relevant regulations.

### 7.4 COMPLIANCE WITH LEGAL REGULATIONS

In order to support our customers and business partners in complying with the statutory provisions and to ensure this in our business activities, we offer the necessary declarations as well as product and safety instructions for download on our homepage.

These include, for example:

Official declarations for	Product-related information
<a href="#">Summary Legal Statements</a>	<a href="#">Declaration of conformity</a>
	<a href="#">Information data sheets - Tools</a>
	<a href="#">Warning labels</a>

### 7.5 PRODUCT LIABILITY AND INSURANCE

Product liability exists in accordance with the general terms and conditions of sale, delivery and payment. There is insurance for personal injury and property damage, fire and explosion damage to buildings and equipment as well as for product liability cases.





## 8 NET ZERO & BIODIVERSITY

### 8.1 PRODUCTION AND SERVICE PROVISION

As a globally active and logistical company, Walter realizes machining solutions, from standard to special solutions, quickly and on site at the customer's premises. Walter production sites and tool reconditioning centers are located in:

- Germany, France, Portugal, Czech Republic, Turkey, Brazil, China, India, USA and Canada
- Tool reconditioning centers in North and South America, Eastern, Southern and Central Europe and the Asia-Pacific region

Our most important process and production capabilities include

- EDM, pressing, sintering as well as CVD and PVD coating
- Metalworking such as sawing, milling, turning, grinding, grooving and drilling
- Woodworking such as sawing, milling, drilling, etc.

The production management system and the control system use SAP and various key figures such as delivery capability and reliability, throughput times, internal errors and reject rates with traceability back to the raw material. The products are manufactured at Walter in standard and special production in shift operation with in-house maintenance.

Our production facilities and machines consist of:

- CNC, NC, manual processing machines
- Mechanical and optical measuring devices
- Microscopes, 3D/CNC measuring machines and hardness testers

Quality standards are ensured through incoming goods inspections, factory inspections, intermediate inspections, final inspections, product audits and supplier evaluations. On request, our products are supplied with test certificates, measurement reports, initial sample test reports, etc.

Walter has been certified as an AEO (Authorized Economic Operator) to ensure an end-to-end international supply chain from the manufacture of our products to deliver to our customers.

This certification is carried out by customs and, in addition to facilitating access to customs simplifications, it is also a key component of the EU security concept. The approval of this status is linked to the requirements of reliability, solvency and compliance with legal provisions and security standards. Orders for standard products placed by 4:30 p.m. are delivered the next day by various logistics partners such as UPS, GLS and TNT.

## **8.2 DECARBONIZATION AND EMISSION CONTROL**

We are actively pursuing the goal of decarbonization and emissions control in order to optimize the environmental and energy aspects of our business processes. We are also guided by international standards such as ISO 140001 and ISO 50001 for environmental and energy management systems. In this context, we apply the following principles.

We are continuously working to reduce our carbon emissions and are committed to increasing our use of renewable energy. Our specifications take into account the carbon footprint and the selection of environmentally friendly options.

We ensure compliance with the legal framework for monitoring and controlling emissions and work continuously to reduce harmful effects on people and the environment. This includes monitoring noise emissions, pollutants and radiation.

We are committed to reducing our emissions and protecting the air quality in our environment. We are aware of our responsibility to protect and improve the air quality in the regions in which we operate. Our operational processes and facilities are designed in such a way that the level of pollutants in the air is not impaired. We take measures to ensure that our activities do not cause disproportionately high oxygen consumption. We take effective dust control measures to minimize the release of harmful dust into the atmosphere. This includes dust collection systems and dust control best practices. Our facilities are designed to effectively manage and control hazardous gases. We constantly monitor our emissions to ensure that they do not exceed the applicable limits. Our commitment to air quality also extends to working with the authorities to ensure that our activities protect people's health and well-being as well as the environment.

### **8.2.1 TRANSPORT**

Our transportation policy aims to reduce the carbon footprint associated with our transportation activities. We are committed to promoting sustainable transportation options and increasing the use of environmentally friendly vehicles and technologies in order to meet our commitment to environmental responsibility in this area.

### **8.2.2 SUSTAINABLE EMPLOYEE MOBILITY AND COMMUTING**

We encourage and promote environmentally friendly forms of commuting for our employees, such as the use of public transportation, bus shuttles, carpooling and the use of bicycles (job bikes) to minimize individual CO<sub>2</sub> emissions. We are increasingly focusing on environmentally friendly models and electric vehicles for our company vehicles and our vehicle fleet. We strive to reduce the fuel consumption and emissions of our fleet. Walter's business activities sometimes lead to necessary business trips. Walter is aware that business travel is an important part of its business activities and at the same time represents a significant cost factor and a major environmental impact.

In line with Sandvik's Group Travel Policy, we ensure that all business travel is conducted cost-effectively and safely, while taking into account the impact on the environment and sustainability and adhering to responsible behavior. For business travel, we favor the use of video conferencing and digital communication tools to minimize the need for business travel. When travel is necessary, we pay attention to efficient routes and means of transportation.



### **8.3 ENERGY EFFICIENCY AND RESOURCE MANAGEMENT**

Our commitment to energy efficiency and resource management extends to all areas of the company. We strive for continuous improvement and use innovative approaches to maximize our contribution to the sustainable use of energy and resources. Our aim is to make production as efficient as possible in order to reduce energy consumption per unit. We are constantly working on technologies and processes that increase this efficiency.

#### **8.3.1 CROSS-SECTION TECHNOLOGIES**

Our compressed air supply systems are designed to be as efficient as possible to avoid wasting energy. We are continuously working to improve our monitoring and control processes. Our lighting systems are designed for energy efficiency and use LED technology and motion sensors to reduce energy consumption. Our ventilation, heating and cooling systems are designed to save energy while still ensuring adequate compliance. Regular reviews and optimizations of these cross-cutting technologies are part of our continuous improvement approach.

#### **8.3.2 REAL ESTATE AND BUILDING MANAGEMENT SYSTEMS (BMS)**

We take a comprehensive approach to sustainable real estate management and use advanced building management systems wherever possible to increase the efficiency and sustainability of our properties. We invest in energy-efficient building technologies and systems to minimize energy consumption and work to minimize the environmental impact of our building uses and comply with green building standards. We attach great importance to creating a healthy and pleasant working environment for our employees and partners. Our BMS systems help to ensure air quality and thermal comfort in our buildings. Our BMS systems not only ensure energy efficiency, but also contribute to building automation and security. They enable remote monitoring and control of building processes in order to respond to emergencies and operational disruptions.

#### **8.3.3 PREVENTIVE MAINTENANCE AND SPARE PARTS MANAGEMENT**

Walter attaches great importance to efficient maintenance and spare parts management in order to ensure business continuity and minimize the waste of resources. We carry out regular preventive maintenance work to avoid plant and machine breakdowns. This prevents unplanned downtime and promotes efficiency. We carefully manage our spare parts inventory to ensure that the parts we need are available at the right time. This minimizes downtime and avoidable procurement and transport operations. In addition, we focus on the resource-efficient use of spare parts to minimize waste and reduce environmental impact. This includes recycling and reusing parts wherever possible. We attach great importance to the quality of the spare parts we use. This ensures that repairs are sustainable and contribute to the longevity of our appliances.

## **8.4 BIODIVERSITY**

### **8.4.1 BIODIVERSITY AND ANIMAL WELFARE**

We are committed to preserving and respecting biodiversity in the regions in which we operate. Our activities are planned in such a way that they have no harmful effects on sensitive habitats and species.

We are committed to animal and plant protection and are committed to protecting endangered species and habitats in the region in which we operate.

### **8.4.2 SOIL PROTECTION**

Soil conservation is an essential part of our sustainability efforts. We are aware of the importance of soil as the basis for our business activities and our commitment to environmental protection. We are committed to managing the land in accordance with the principles of sustainable land use and ensuring that our activities do not have a long-term negative impact on the soil. We take measures to prevent the release of pollutants into the soil. This includes strict precautions in the storage and handling of chemicals and waste. We take care to protect and preserve the natural soil and vegetation in our surroundings to prevent erosion and soil degradation.



## 9 CIRCULARITY & WATER

### 9.1 PRODUCTS; CIRCULAR ECONOMY AND RESOURCE EFFICIENCY

We are committed to environmental improvement projects that aim to minimize resource consumption and promote sustainable practices.

### 9.2 USE OF RAW MATERIALS AND R STRATEGIES

We are aware of the importance of the circular economy and are working on business models that promote the reuse of products and materials in order to minimize the waste of resources. This includes tungsten carbide-cobalt carbide (WC-Co), which Walter mainly uses for metalworking. In order to keep the extraction of this raw material to a minimum, we have Wolfram Bergbau und Hütten, a company in the Sandvik Group that specializes in the recycling of hard metals, back to its original raw material for use again.

Further positive effects on the environment are the reduced eutrophication of drinking water and reduced waste through the recycling of hard metal. Our sustainability promise is that all tools from our recycling process are exclusively reused for tools and thus remain in our cycle.

Our commitment to sustainability also extends to the handling of raw materials, in particular steel, carbide and polycrystalline diamond (PCD). These materials are crucial for our production and require a special focus on sustainability. We want to use these raw materials as efficiently as possible. This also includes optimizing production processes in order to minimize material consumption.

We are concentrating on our **R-strategy** here. Each strategy means a new level of innovation and circularity. The goal is to take full responsibility for the product life cycle.

At the highest level of circular value creation, the **Rethink** strategy, sustainability is already considered during product development - sustainable production means rethinking. We consider the entire life cycle of products containing steel, carbide and PCD to ensure that they are used sustainably. We design our products with the aim of promoting longevity and reuse. We design our products so that they can be recycled in the best possible way. At Walter, sustainability is not just a necessity, but an attitude.

**Re-use** means, among other things, making all product packaging 100 percent recyclable. **Reduce-Level** makes production processes more efficient and improves products so that their service life is extended. At the **Repair-Level**, PCD tools are repaired and restored to their original condition. **Reconditioning** involves regrinding carbide tools up to 3 times in their original quality.

**Recycling** is just one of many circular value creation strategies that Walter takes into account. Walter is strongly committed to promoting recycling and reuse as part of our sustainability strategy. We are aware that as a company we have a responsibility to protect the environment and we strive to minimize waste and use resources efficiently. We integrate recycling into our production processes in order to reduce waste and preserve valuable raw materials. This includes the reuse of production waste and the use of recycled materials wherever possible. We encourage our customers to dispose of products at the end of their useful life in an environmentally responsible manner.

### **9.3 WATER MANAGEMENT**

We are committed to sustainable water management in order to protect the precious resource of water and use it responsibly. We work continuously to optimize the consumption of fresh and drinking water by using water-saving technologies and processes. We strive to monitor and reduce water emissions in order to protect the quality of the surrounding waters. We ensure the proper treatment of our wastewater to reduce the impact on the environment. We optimize the use of process water to avoid waste and increase efficiency. Reuse and recycling are an integral part of our strategy. We actively protect the groundwater near our sites and take measures to avoid contamination.

### **9.4 CHEMICALS AND HAZARDOUS SUBSTANCES**

Our commitment to safety and the responsible handling of chemicals and hazardous substances is critical to protecting the health and well-being of our employees, the community and our environment. We hold ourselves to the highest standards and strive for continuous improvement in this area.

We are aware of the potential risks associated with the use of chemicals and hazardous substances. Therefore, we implement strict safety measures to ensure that our employees and partners handle these materials safely and responsibly. We adhere to all applicable regulations and best practices for the safe storage and transportation of chemicals and hazardous materials. Our goal is to minimize accidents and environmental impact. We promote the use of environmentally friendly and less hazardous alternative materials where technically feasible to reduce the risks associated with chemicals and hazardous substances.

We have emergency plans and measures in place to respond efficiently and safely to incidents involving chemicals and hazardous substances.

### **9.5 WASTE MANAGEMENT**

We strive to minimize the amount of waste generated during the processing and manufacturing of products. Our waste management strategy focuses on reducing our environmental impact and helps to reduce our ecological footprint.

We strive to continuously improve our waste management and make sustainable decisions to protect the environment. We consider waste management to be a crucial component of our environmental commitment and our corporate responsibility.

We actively promote waste avoidance by designing processes and products in such a way that as little waste as possible is generated. This also includes reviewing and adapting our packaging practices. We promote recycling and waste separation at our sites in order to make optimum use of recyclable materials and reduce the burden on landfills or thermal disposal. We dispose of waste properly and in an environmentally friendly manner and comply with the applicable regulations.

## **9.6 PACKAGING**

We rely on environmentally friendly packaging materials that are recyclable or biodegradable. This helps to reduce the consumption of disposable packaging and minimize waste. We design our packaging as efficiently as possible to reduce space requirements and transportation costs. This not only helps the environment, but also improves the profitability of our supply chain. We are constantly looking for ways to minimize the amount of packaging material without compromising product safety. This includes switching to environmentally friendly packaging designs and promoting reusable packaging. We support the recycling of packaging materials and work with suppliers to create closed-loop systems in which packaging is reused or recycled. We educate our customers and encourage them to properly dispose of or reuse packaging.

## **9.7 SUSTAINABLE INVESTMENT**

Our approach to life cycle costs is geared towards making cost-effective decisions that take into account both economic and environmental aspects. We strive to use products that are energy efficient and environmentally friendly throughout their life cycle. Our consideration of life cycle costs (LCC) includes a holistic assessment that goes beyond the pure purchase price of a product. We take into account energy efficiency during procurement and other factors to optimize the LCC. When selecting products, we pay attention to their energy efficiency. This includes energy consumption during production, transportation and use. We analyze the expected operating costs of a product over its lifetime, including energy costs and maintenance requirements. We prefer products that are durable and can be recycled at the end of their life cycle in order to minimize the amount of waste.

The Green Fund is a financial resource that is used specifically for environmentally friendly initiatives and projects. This fund is used to promote sustainability and support green innovation.





## 10 RESPONSIBLE BUSINESS

### 10.1 SUSTAINABLE AND RESPONSIBLE VALUE CHAIN

Our sustainability policy aims to promote a sustainable value chain. We work closely with our suppliers and service providers to ensure that they share our sustainability values and promote ethical practices in their operations. We strive to reduce our environmental footprint by promoting environmentally friendly sourcing and production practices. We ensure fair working conditions and decent labor standards throughout our value chain. Regular audits and reviews ensure compliance with our sustainability goals. We strive to continuously optimize our sustainable practices in the value chain.

### 10.2 HUMAN RIGHTS PRACTICES IN THE VALUE CHAIN

When selecting and developing suppliers and service providers, we attach great importance to reviewing human rights practices. We only work with suppliers who have committed to respecting and complying with human rights. We are committed to ensuring that our supply chains are free from exploitation, child labor and discrimination. We actively monitor and support our suppliers to ensure that they comply with human rights standards. We promote transparency in the supply chain and conduct regular audits to ensure that human rights violations are prevented, and an ethical working environment is created. We conduct regular audits and reviews to ensure that our suppliers and business partners do not engage in corrupt practices. We attach great importance to transparent business relationships and expect the same from our partners.

### **10.3 ANTI-COMPETITIVE PRACTICES, BRIBERY AND CORRUPTIBILITY**

At Walter, we do not tolerate bribery or corruption of any kind, including bribery of public officials, corporate-to-corporate bribery or bribery of private individuals. We are aware of the destructive impact of corruption on the economy, society and the environment and are actively committed to combating it in our value chain. We are committed to preventing and detecting bribery and corruption in our organization.

We are aware of our legal obligations to combat corruption and ensure that all business practices in our supply chain comply with applicable laws and regulations. This includes compliance with international anti-corruption laws. We ensure full compliance with Sandvik's Anti-Bribery and Corruption Policy, which sets out our zero-tolerance approach and commitment to detecting and preventing bribery and corruption and provides information and guidance on what we MUST and MUST NOT do.

### **10.4 WHISTLEBLOWER PROTECTION**

Our organization offers employees and external stakeholders a safe way to report possible cases of corruption or unethical behavior. Whistleblowers are protected and every report is investigated confidentially and thoroughly.

### **10.5 COUNTERFEIT PARTS**

We strive to prevent counterfeit parts in our products and to ensure that our customers and business partners receive high-quality and reliable products. Ensuring the authenticity of our parts is our top priority. We have strict procedures in place to check and quality control our parts and components to ensure they are authentic and of high quality. We maintain close relationships with trusted suppliers and set clear standards for the supply chain to minimize the risk of counterfeit parts. Our employees are trained to recognize counterfeit parts and take appropriate action in the event of suspicion. In the event of counterfeit parts, we are committed to taking legal action against those responsible in order to protect the integrity of our products and the safety of our customers and business partners.

In the procurement of our most important raw material, WOLFRAM, as a company in the Sandvik Group is a pioneer in this area. They demonstrate conflict-free and ethically responsible use of raw materials in the tungsten industry. Also, they have close contact with relevant organizations (OECD, Responsible Minerals Initiative (RMI), EU). In addition, WOLFRAM is a founding member of the Tungsten Industry - Conflict Mineral Council (TI-CMC) and a member of the Upstream Initiative iTSCi, which is dedicated to the traceability of concentrates from the mine to the smelter.

### **10.6 RESPONSIBLE INFORMATION MANAGEMENT**

We attach great importance to responsible information management along our value chain. We protect the data that we use in our supply chain and guarantee the highest standards of data protection and data security. This includes the protection of customer data, intellectual property and sensitive company information. Our data processing is carried out in an ethical and transparent manner. We encourage our suppliers and service providers to follow similar principles in their own data processing and to comply with data protection regulations. We use advanced technologies to improve our information management processes. At the same time, we ensure that these technologies are used in accordance with ethical principles and have no harmful effects on privacy or society.

We are aware of our legal obligations in relation to information management and ensure that our supply chain complies with all applicable laws and regulations. Our practices are regularly reviewed to ensure they meet the highest standards. We are committed to continuous improvement and innovation in information processing. This includes seeking environmentally friendly technologies that increase the energy efficiency of our data centers and information processing operations.

### **10.7 RISK MANAGEMENT**

In order to operate successfully on the market, Walter takes a conscious approach to potential risks and opportunities. The safety of our employees, an environmentally conscious and sustainable way of working and the quality of our products and brands are at the forefront of this. Identifying risks and opportunities is an ongoing task due to constantly changing conditions and requirements. It is therefore integrated into our day-to-day processes.

This integration promotes a sense of responsibility among our employees and at the same time reduces implementation costs. In order to ensure efficient risk management and opportunity utilization, we carry out a systematic assessment of these risks and their factors.

### **10.8 PREVENTION, PROTECTION AND RESPONSE IN EMERGENCIES**

Our sites have a variety of protective measures in place. These include, for example, the use of plant security for 24/7 monitoring or securing the company premises with camera surveillance. Fencing off main access routes and controlled access for people are further protective measures.

Emergency preparedness is an integral part of an effective integrated management system at Walter. Particular emphasis is placed on identifying potential emergencies, recording legal requirements, ensuring that personnel and material requirements are met, maintaining communication in the event of an emergency and implementing preventative measures.

### **10.9 BUSINESS CONTINUITY**

Ensuring business continuity is an integral part of Walter's overall risk management and is integrated into crisis management and the associated management processes and systems. We place particular emphasis on developing measures to protect the entire company.

We want to minimize the impact of business interruptions as much as possible in order to guarantee our ability to deliver and provide services to our customers and business partners at all times, regardless of the cause of the interruption.





## 11 PEOPLE & COMMUNITIES

### 11.1 DECLARATION OF PRINCIPLES HUMAN RIGHTS

Walter complies with international, national and local regulatory requirements relating to human rights. We are committed to ensuring that human rights are respected and promoted in all aspects of our business. Our commitment to respect human rights is not only an ethical imperative, but also an integral part of our long-term corporate strategy. We will respect and promote human rights wherever we operate and actively work for positive change.

Walter strives to provide an inspiring working environment and individual development opportunities. This is reflected in our commitment to our employees and demonstrates what employees can expect from us when it comes to how we attract, develop and retain our employees and, where appropriate, manage their departure from the company.

### 11.2 CHILD LABOR, FORCED LABOR AND HUMAN TRAFFICKING

Our position on child labor, forced labor and human trafficking is unequivocal. We condemn child labor in any form and take all necessary steps to ensure that it does not occur in our supply chain. We firmly reject forced labor and forced labor practices. We have clear policies as our "Code of Conduct" and monitoring mechanisms in place to ensure that none of our employees or suppliers are forced to work against their will. We are determined to combat human trafficking in all its forms. This includes regularly auditing our supply chain and training our employees to recognize and report signs of human trafficking.

### **11.3 DIVERSITY, EQUALITY AND INTEGRATION**

Our commitment to diversity, equality and inclusion is the foundation of our corporate culture. We value diversity and create a work environment that welcomes different perspectives and backgrounds. Our workforce represents a broad range of skills, experiences and identities. We are committed to gender equality, equal opportunities and fair pay.

Discrimination based on gender, sexual orientation, skin color, religion or other characteristics is not tolerated. We promote integration to ensure that every employee feels like a valuable part of our company. Our corporate culture is designed to create an inclusive and supportive environment. We encourage all employees to reach their full professional potential, regardless of their background. Our promotion and development processes are designed to be fair and transparent. We provide training and awareness-raising activities to raise awareness of diversity, equality and inclusion and to reduce prejudice.

### **11.4 ONBOARDING**

Onboarding is crucial for the successful integration of new employees into our teams and our corporate culture. We want to ensure that they feel welcome and supported and that they are given the resources they need to succeed in their new role from the outset. We use a comprehensive onboarding program that not only addresses job requirements, but also communicates the values, goals and company culture to help new employees quickly find their way in their new work environment. Experienced colleagues are available to answer questions and offer help. We set clear objectives for the induction process to ensure that new team members become familiar with our company and its processes. We listen to feedback from new employees throughout the induction process. This allows us to continuously improve the process. We conduct regular evaluations and performance reviews to ensure that the onboarding program is effective and that employees can successfully integrate into the team.

### **11.5 DEPLOYMENT OF PRIVATE OR PUBLIC SECURITY FORCES**

The deployment of security personnel is necessary to ensure the safety of our employees and assets. We ensure that this deployment is in accordance with the highest ethical standards and applicable laws. We employ security personnel to ensure the physical safety of our employees, customers and facilities. This includes protection against theft, vandalism and other potential threats. We ensure that the deployment of security forces complies with applicable laws and regulations. This also includes compliance with data protection guidelines and human rights. Our security personnel are trained and committed to performing their duties in accordance with human rights and ethical behavior. We have clear policies and procedures for the deployment of security personnel and monitor their activities to ensure that they meet our standards.

### **11.6 HEALTH AND SAFETY OF EMPLOYEES WORKING CONDITIONS**

Health and safety in the workplace are just as much a part of our top corporate objectives as the highest product quality and optimum cost efficiency. In order to avoid accidents or minimize their impact, we continuously review our processes and procedures and take preventative measures. A company occupational health and safety management system protects employees from health-threatening influences. In addition, we provide our employees with targeted information and training on safety-related topics and encourage them to adopt active, health-conscious behavior.

We comply with the laws and regulations on occupational health and safety. For example, as cobalt is released during the processing of hard metal, suitable measures have been taken in the production areas to avoid air pollutants. We comply with the legal limits for permissible pollution and monitor them regularly. In addition, employees are offered urine tests to determine possible exposure.

We attach great importance to the quality of the indoor environment in which our employees work. This includes monitoring room temperature, air quality and other factors to ensure that our workplaces are healthy and comfortable. The necessary infrastructure for safe working is provided, regularly checked and replaced if necessary. The statutory and official requirements relating to occupational health and safety are available to all employees in the statutory legal registers.

We carry out regular hazard assessments to identify potential hazards and take preventive measures. These assessments are an integral part of our activities to ensure the safety of workplaces and production processes. We ensure that our employees receive the necessary personal protective equipment and are trained in how to use it correctly. This ensures their protection and minimizes the risk of injury. We promote the health and well-being of our employees through programs.

Our employees are obliged to report incidents and potential hazards immediately. This creates a culture of transparency and enables us to react quickly to problems as soon as they arise. In the event of an incident or reported hazard, we conduct thorough investigations to determine the causes and develop measures to prevent future incidents. The results of these investigations are incorporated into our risk assessment processes.

### **11.7 EMPLOYEE INVOLVEMENT AND RAISING AWARENESS**

In order to raise awareness of sustainability issues, we rely on various measures to involve employees. These include employee surveys and specific campaigns at international action days.

We recognize particularly committed employees with our "Empowered Champion Award" to honor success stories for the best innovations and contributions to our business or sustainability success. We encourage individuals to submit ideas or innovations via our Idea Network and Employee Suggestion Scheme platform. With specific improvement campaigns, we focus on involving all employees and benefit from their creativity to improve the company's performance. Every employee can get involved in our Sustainability Committee and contribute to achieving our sustainability goals. Every employee can communicate their ideas to us via our Walter Ideas Management system.

### **11.8 PERSONNEL DEVELOPMENT, CAREERS AND TRAINING**

Walter attaches great importance to the management and training of its employees and partners, as we believe that their personal development has a direct impact on the success of our company. We recognize the uniqueness of each team member and partner. Our training programs are designed to identify individual strengths and weaknesses and create specific development plans.

We invest in continuous training and development programs to ensure our employees are always at the cutting edge of technology, the industry and leadership skills. We provide tools and resources that promote individual growth and personal development. This includes, for example, access to online courses.

We encourage an open feedback culture where employees and partners can voice their opinions and ideas. This creates an environment in which personal development is encouraged.

Personal development goals are worked out together, compared and divided into target agreements between management and employees. We lead our employees with target agreements and set a good example. In this way, we promote an independent way of working.

With the Walter Academy and its international network of trainers, we promote the professional development of employees and customers worldwide. In this way, we give personnel development the high priority that is important for corporate success.

### **11.9 PROMOTING YOUNG TALENT**

We attach great importance to promoting young talent. For this reason, we are in close contact with local schools and universities. This may take the form of cooperation, excursions, specialist lectures, trade fairs or other activities that give students and pupils the opportunity to get to know our Walter world better.

### **11.10 MEMBERSHIPS IN ASSOCIATIONS**

Walter is a member of many associations, including the German Engineering Federation (VDMA). Here, our engineers are involved in research projects, such as the Product Lifecycle Assessment. This allows us to contribute our knowledge and at the same time learn from this powerful association. We can also identify trends relevant to mechanical engineering at an early stage. By being part of strong networks, we can learn from other members how they integrate sustainability into their day-to-day business.

### **11.11 SOCIAL COMMITMENT**

We consistently focus our commitment on promoting social initiatives and culture. Another strategic focus is on cooperation in the areas of digital education and sustainability. There are also local social engagement activities at our subsidiaries around the world.

Our donation concept is redistributed each year according to fixed criteria in the areas of education, culture, social affairs and sustainability. Projects and activities initiated by employees are also included in this concept. Political and religious events are not supported.

Global social projects relate to the promotion of disadvantaged young people from underserved communities, integrated rural development programs and response and relief measures in crisis situations.

### **11.12 SOCIAL DIALOG AND COMMUNITY INVOLVEMENT**

Social dialog and community engagement are of central importance to us as they contribute to creating an inclusive and sustainable environment. We maintain a continuous social dialog within our company. This means that we communicate openly and transparently with our employees and their representatives in order to understand their concerns and needs. This promotes cohesion and cooperation within our organization.

We are firmly rooted in the communities in which we operate. This includes community involvement and supporting activities. We actively participate in local projects to promote the social and economic development of our neighborhoods and raise awareness of the harmful effects of corruption and support educational programs to prevent corruption.





## 12 PROCESS ORIENTATION AND CONTINUOUS IMPROVEMENT

### 12.1 INTEGRATED MANAGEMENT SYSTEM

Our integrated management system is certified according to:

- **ISO 9001:2015**                      Quality management
- **ISO 14001:2015**                  Environmental management
- **ISO 45001:2018**                  Management of health and safety in the workplace
- **ISO 50001:2018**                  Energy management

This management system is used for continuous improvement (CIP) in order to respond appropriately and efficiently to the requirements of the market, customers, employees and the public. It ensures that processes within our organization are well structured.

The necessary financial and structural requirements are met. The associated legal obligations and other requirements are taken into account in all processes and procedures. Tasks, expertise and responsibilities are managed. It supports transparency so that employees and their representatives are involved in all relevant decision-making processes.

### 12.2 STRUCTURE OF THE INTEGRATED MANAGEMENT SYSTEM

In all management systems, Walter operates according to the PDCA model (Plan-Do-Check-Act). The processes are monitored with the help of key figures, audits, inspections, regular meetings, etc. and the results are regularly presented to the company management.

Customers and interested parties are an integral part of our processes. Their requirements are regularly identified and integrated into our processes.

### 12.3 SYSTEM SCOPE AND CERTIFICATES

The Walter Group works with matrix certification. With our external accredited certifier, we ensure compliance with the requirements of international and industry-oriented standards.

Scope of the management systems	Type	ISO 9001	ISO 14001	ISO 45001	ISO 50001
Walter AG Tübingen, Germany Headquarters	HQ, SU, PU	•	•	•	•
Werner Schmitt PKD Werkzeuge GmbH Niefern, Germany	SU, PU	•	•	•	•
Walter Wuxi Co. Ltd. Wuxi, P.R. China	SU, PU	•	•	•	
Melin Inc. Cleveland/Ohio, USA	SU, PU	•	•	•	
Walter USA, LLC Greer/SC, USA	SU/PU	• SU PU Planned	Planned	Planned	
Frezite Ferramentas de Corte, SA Trofa, Portugal	SU/PU	•	•	Planned	
Walter Kesici Takımlar San. ve Tic. Ltd. Şti. Bursa, Turkey	SU/PU	Planned	Planned	Planned	
Frezite sro. Jičín, Czech Republic	PU	•	Planned	Planned	
Frezite Ferramentas de Corte Ida São Bento do Sul, Brazil	PU	•	Planned	Planned	
Walter AG Münsingen, Germany	PU	•	•	•	•
Walter Prototyp-Werke GmbH Zell a.H., Germany	PU	•	•	•	•
Walter Titex - Gunther Tools Soultz-sous-Forêts, France	PU	•	•	•	
Walter Germany GmbH Frankfurt a.M., Germany	SU	•			
Walter Italia, S.R.L. Cadorago, Italy	SU	•			
Walter Tools India Pvt. Ltd. Pune, India	SU	•			
Walter France Soultz-sous-Forêts, France	SU	•			
Walter GB LTD. Bromsgrove, Great Britain	SU	•			
Walter CZ. s.r.o. Kurim, Czech Republic	SU	•			

HQ = Headquarters, SU = Sales unit, PU = Production unit

Our certificates are published on the Walter website and are available for download.

## 12.4 PROCESS LANDSCAPE

### Business processes/added value

Our business processes describe value-adding workflows. They represent our core competencies and are designed to ensure the success of our company and the achievement of our goals.

### Corporate management and operational support processes

These processes do not directly serve the manufacture of products or the provision of services but are necessary to enable and support the execution of our business processes. They include procedures for measuring, monitoring and continuously improving the integrated management system, processes, products and services.

### Innovation funnel

The innovation funnel describes the development process of all innovations (product, service or process) from the concept phase to implementation (market launch). All ongoing organizational changes are in line with this process organization and help us to support growth, become more sustainable and efficient and be prepared for the future.

Walter's process landscape consists of three main business processes: Lead-to-Cash (L2C), Order-to-Delivery (O2D) and Product Lifecycle Management (PLM). The customer always plays the most important role.

Requests are managed from left to right through all processes within the organization. In the end, the solution is delivered to the customer.

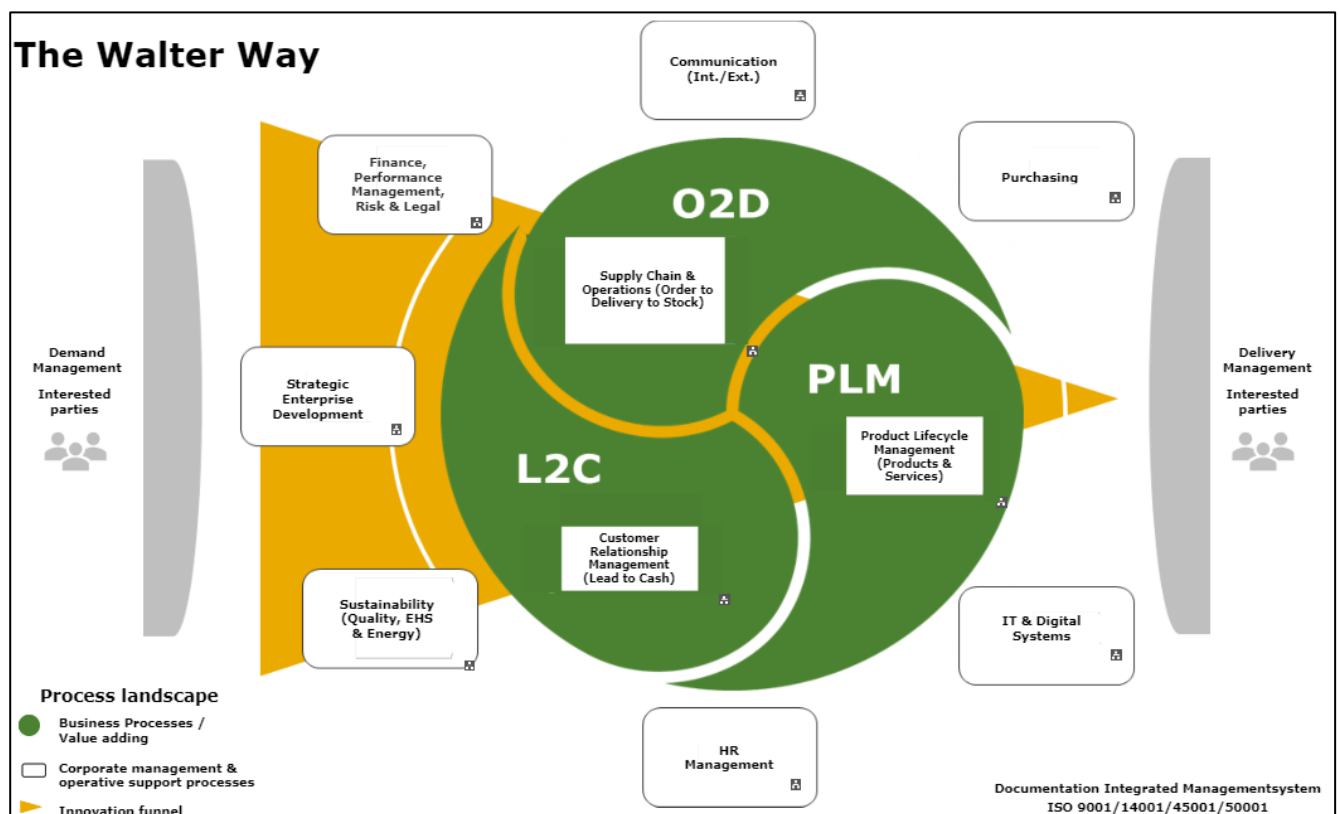


Fig. process landscape

## 12.5 WALTER WAY

All relevant guidelines, procedures and specifications are documented under defined framework conditions in our "Walter Way Database" and made available to employees. These documents are used for information and working purposes. The Walter Way supports well-functioning and efficient governance. Continuous review and updating of all relevant system documents is guaranteed.

The relevant documents are available to our employees at all times. They are also communicated in meetings, through notices and via digital media such as video conferences or the intranet. Other internal and external documents such as codes and standards are managed and reviewed to ensure that they are up to date and distributed to the relevant responsible parties.

Records are considered as supporting documents and are managed. They are used for analysis, evaluation and continuous improvement of products and processes. The archiving of relevant documents and records is defined and ensured in accordance with the relevant legal requirements.

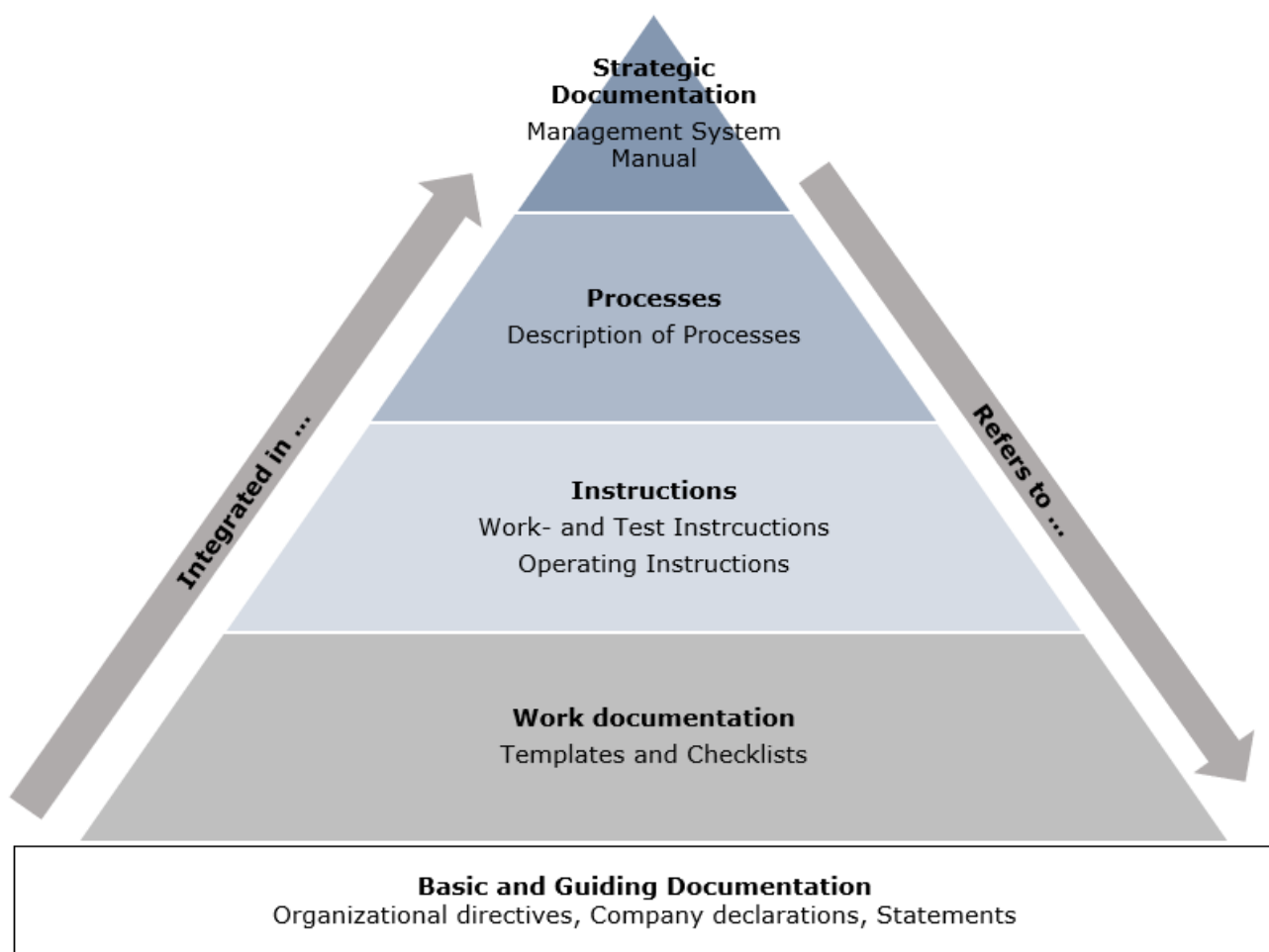


Fig. Document hierarchy

## 12.6 CUSTOMER SATISFACTION

For Walter, determining customer satisfaction is an important factor for long-term success. The results of regular local and global surveys are used to define measures to improve our company's products, services and offerings. By regularly determining our Net Promoter Score (NPS), we track the continuous development of customer satisfaction. The NPS is a key figure for customer satisfaction that reflects the probability of customer recommendation.



## 12.7 POWER MEASUREMENT AND MONITORING

Structured performance management, controlled by the Walter Management Team, ensures the integration of sustainability goals into all relevant company processes. We use this to evaluate the efficiency and effectiveness of corporate processes, define corporate goals and measure their achievement. Detailed key figures are used to make business processes measurable and controllable. A selection of the most important key figures is:

<b>SUSTAINABLE SOLUTIONS</b>	<ul style="list-style-type: none"> <li>• Turnover</li> <li>• Incoming orders</li> <li>• Earnings (EBIT)</li> <li>• Gross profit in %</li> <li>• Cash conversion in %</li> <li>• Administration &amp; distribution costs as % of sales</li> <li>• Costs Leadership &amp; flexibility</li> <li>• Net working capital</li> <li>• Delivery reliability and capability</li> <li>• Service life</li> <li>• Net Promoter Score (NPS)</li> <li>• Return on capital employed</li> </ul>
<b>NET-ZERO &amp; BIODIVERSITY</b>	<ul style="list-style-type: none"> <li>• Scope 1 + 2 Market-based (CO2 reduction compared to 2019)</li> <li>• Scope 1+2 Market-based (tons of greenhouse gas emissions)</li> <li>• Scope 1+2 Location-based (% CO2 reduction compared to 2019)</li> <li>• Product transportation (%CO2 reduction compared to 2019)</li> <li>• Energy consumption (Electricity, gas, diesel, heating oil)</li> <li>• Emission measurements</li> <li>• Planned maintenance and unplanned repairs</li> <li>• Maintenance and repair time</li> </ul>
<b>CIRCULARITY &amp; WATER</b>	<ul style="list-style-type: none"> <li>• Raw material consumption (steel, carbide)</li> <li>• Buyback ratio (%) of sales</li> <li>• Recyclingquote von Rohstoffen (%)</li> <li>• New Sales Ratio</li> <li>• Productivity</li> <li>• Internal product defects</li> <li>• Scrap rate</li> <li>• Product quantities</li> <li>• Complaint rates and processing time</li> <li>• Added value</li> <li>• Waste Circular economy %</li> <li>• Water consumption</li> </ul>
<b>PEOPLE &amp; COMMUNITY</b>	<ul style="list-style-type: none"> <li>• Employee surveys and participation</li> <li>• Diversity Female managers (%)</li> <li>• Hazard reports, Near misses and Close-out-ratio</li> <li>• Injury frequencies (LTIFR/TRIFR)</li> <li>• Absenteesism</li> <li>• Workplace measurements</li> <li>• Cobalt exposure average mgCo/m3 air in all homogeneous groups</li> <li>• Occupational health preventive care</li> <li>• Suggestions for improvement</li> </ul>
<b>RESPONSIBLE BUSINESS</b>	<ul style="list-style-type: none"> <li>• Measuring human rights</li> <li>• Whistleblower reports (Speak Up)</li> <li>• SBTi response rate of selected suppliers (%)</li> <li>• Agreement with Walter Supplier Code of Conduct (%)</li> <li>• Delegation, knowledge and topicality in the Walter Way</li> </ul>

## **12.8 INSPECTIONS AND AUDITS**

Audits and inspections are used to evaluate management systems, processes, the working environment, products, suppliers and service providers. The internal audits are carried out on the basis of an updated 3-year plan. This ensures that all areas at certified sites are audited at least once in this cycle. Changes resulting from organizational or procedural changes are incorporated directly into the respective planning.

Supplier audits are carried out on the basis of updated planning in close coordination between Purchasing and the relevant departments. The need to audit suppliers and service providers arises on the one hand from strategic decisions, intended future business relationships and deviations that arise in the course of performance monitoring.

Audits by customers are possible at any time in justified cases and on request.

## **12.9 COMMUNICATION AND REPORTING**

Meetings, both in person and online, are used for information, exchange, coordination, control and review, problem solving, decision-making and employee management. Walter has a variety of information routines for internal and external communication in order to keep all relevant stakeholders fully informed. Quarterly information events are held for the entire workforce to provide information and exchange ideas. Our common goals/results are discussed with employees at these events and all relevant site issues are taken into account. The way in which we communicate externally is defined in specific guidelines.

As a Sandvik Group company, we ensure that all necessary information is forwarded to the Sandvik Group headquarters for annual reporting. Sandvik publishes an annual report on our due diligence activities, including disclosure of the results of the supply chain risk assessment and a detailed description of our collective actions to mitigate the identified risks and an evaluation of their effectiveness. The Sandvik Group Sustainability Report is available on the website.

In the annual management report, we include an update on sustainability, our goals and what we have achieved. We are working on further improving this and becoming even more transparent. We publish sustainability topics in trade magazines, in the local press and also on social media. We have developed a communication campaign called "Create the Change" for this purpose. It is important to us that we do not engage in greenwashing, but only report on activities that we can prove.

## 13 Abbreviations and definitions

### Net zero

Balance of the total amount of greenhouse gases emitted by Walter and within its value chain (Scope 1, 2 and 3) and the amount removed from the atmosphere, using the SBTi (Science Based Targets initiative).

### Entire value chain

All upstream and downstream activities associated with a company's business activities, from the procurement of goods and services through its own operations to the use of the products sold by consumers and the treatment of the products sold at the end of their life cycle after use by consumers.

### BMS

Stands for Building Management Systems (BMS) or Building Automation System (BAS). It is a computerized system that is installed to control and monitor a building's electrical systems such as ventilation, lighting, energy, fire alarm systems and security systems. BMS consists of software and hardware.

## 14 Applicable documents

This corporate information extends across various areas of the company and is specified, regulated and monitored by documents and functions within the organization.

Description	Document no.
<b>General governance documentation</b>	
Walter Code of Conduct	<b>Walter LCP-Q00-03</b>
Walter Code of Conduct for Business Partners	<b>Walter LCP-Q00-02</b>
Walter Code of Conduct for Suppliers	<b>Walter LCP-Q00-04</b>
Business environment of the organization	<b>Walter QOP-Q000-06</b>
Creating targets and objectives	<b>Walter FCP-Q000-13</b>
Environmental, health and safety policy	<b>Sandvik 3.4.4.1</b>
Brand policy	<b>Sandvik 3.4.2.3</b>
Internal communication policy	<b>Sandvik 3.4.2.2</b>
External communication policy	<b>Sandvik 3.4.2.1</b>
Guidelines for press relations Walter Group	<b>Walter MAP-Q000-03</b>
Governance Communication	<b>Walter CIP-Q000-06</b>
Walter Text Guideline	<b>Walter MAP-Q000-06</b>
Advertising guidelines for Walter sales companies	<b>Walter MAP-Q000-09</b>
Financial management and control policy	<b>Sandvik 3.4.5.1</b>
Walter credit policy	<b>Walter FCP-Q000-02</b>
Investments Walter Group	<b>Walter FCP-Q000-06</b>
Distribution locations Warehouse reporting	<b>Walter FCP-Q000-14</b>
Partial returns from Walter sales locations	<b>Walter LOP-Q000-01</b>
Signature regulation Walter	<b>Walter FCP-Q000-09</b>
Walter Group approval regulations	<b>Walter FCP-Q000-10</b>
Tax policy	<b>Sandvik 3.4.5.3</b>
Legal governance of the subsidiaries	<b>Sandvik 3.4.6.2</b>

<b>Power measurement and monitoring</b>	
Managementsystemreview	<b>Walter QOP-QP00-07</b>
Audits and inspections	<b>Walter QOP-QP00-03</b>
Corrective measures	<b>Walter QOP-Q000-05</b>
Quarterly information from the Executive Board	
Monthly and quarterly updates of the area Sustainability	
Walter Sustainability Assessment Tool SAT	

<b>Sustainable solutions</b>	
Sustainability policy	<b>Sandvik 3.4.1</b>
Customer contract management policy	<b>Sandvik 3.4.9.2</b>
Digital contract archiving	<b>Walter FCP-Q000-07</b>
Intellectual property policy - Technology	<b>Sandvik 3.4.12</b>
Product life cycle manual	<b>Walter MAP-Q000-05</b>
Guideline product development process	<b>Walter DDP-Q000-05</b>
Guide Program complements without development activity	<b>Walter DDP-Q000-06</b>
Competence projects guide	<b>Walter DDP-Q000-07</b>

<b>Net zero &amp; Biodiversity</b>	
Environmental and energy aspects	<b>Walter QOP-E000-06</b>
Travel policy	<b>Sandvik 3.4.7.2</b>
Foreign assignments	<b>Walter HRP-Q000-01</b>

<b>Circularity &amp; Water</b>	
Environmental protection and natural resources	<b>Walter QOP-E000-08</b>
Operational waste management	<b>Walter QOP-E000-03</b>
Packaging manual	<b>Walter LOP-Q000-04</b>
Packaging instructions for production materials, raw materials, auxiliary materials, operating materials, purchased parts	<b>Walter PRP-Q000-01</b>

<b>Responsible business</b>	
Risk management policy	<b>Sandvik 3.4.11.1</b>
Enterprise Risk Management	<b>Walter QOP-Q000-02</b>
Safety and emergency organization	<b>Walter QOP-E000-07</b>
Crisis communication	<b>Walter CIP-Q000-01</b>
Plant security	<b>Walter FMP-Q001-01</b>
Carrying out checks on persons and vehicles	<b>Walter FMP-W001-02</b>
General rules of conduct for external companies	<b>Walter FMP-E000-01</b>
Acquisition and divestment policy	<b>Sandvik 3.4.5.4</b>
Financial risk management policy	<b>Sandvik 3.4.5.10</b>
IT - Security policy	<b>Sandvik 3.4.8.1</b>
IT - Politics	<b>Sandvik 3.4.8.2</b>
Program specifications	<b>Walter ITP-Q000-03</b>
Data protection policy	<b>Sandvik 3.4.3.4</b>
Data protection	<b>Walter LCP-Q000-01</b>
Minimum retention periods for documents/records	<b>Walter QOP-Q000-08</b>
Anti-bribery and anti-corruption policy	<b>Sandvik 3.4.3.1</b>
Insider politics	<b>Sandvik 3.4.9.1</b>
Speak-Up Policy	<b>Sandvik 3.4.6.1</b>

<b>Responsible Business</b>	
Competition law policy	<b>Sandvik 3.4.3.2</b>
Trade compliance policy	<b>Sandvik 3.4.3.3</b>
Export control	<b>Walter LOP-Q000-03</b>
Third-party management policy	<b>Sandvik 3.4.3.5</b>
Procurement policy	<b>Sandvik 3.4.10.3</b>
Supplier/service provider assessment and classification	<b>Walter PRP-Q000-05</b>
General Terms and Conditions of Purchase	<b>Walter PRP-Q000-03</b>
Quality guidelines for suppliers and service providers	<b>Walter PRP-Q000-02</b>
Approval of price changes	<b>Walter PRP-Q000-06</b>

<b>People &amp; Communities</b>	
Personnel policy	<b>Sandvik 3.4.7.1</b>
Onboarding new managers	<b>Walter HRP-Q000-10</b>
Competence development	<b>Walter HRP-Q000-09</b>
Company reintegration management	<b>Walter HRP-W000-02</b>
Employee invention compensation	<b>Walter DDP-Q000-04</b>
Occupational health and safety	<b>Walter QOP-W000-02</b>
Carrying out risk assessments	<b>Walter QOP-W000-01</b>
Lockout/tagout procedure	<b>Walter FMP-W000-02</b>