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Integrated management system of the Tyrolit Group

IMS Manual, IMS001, 1 February 2023

www.tyrolit.group

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1. Strategic orientation

Tyrolit is one of the world's leading manufacturers of grinding and dressing tools and also provides systems for the construction industry. Established in 1919, the company stands for top-quality products, innovative spirit and outstanding service.

Furthermore, as a member of the dynamic Swarovski Group, Tyrolit enjoys the independence of being able to successfully achieve long-term corporate goals. We strive to impress both internal and external target groups, and to achieve fair, lasting cooperation with them based on partnership. To this end, we are continually optimising the quality of our products and services, and constantly adapting business processes to new market demands. Investment in research and development, in training our employees and in technological improvements are an integral part of Tyrolit's corporate culture. We follow global sustainability standards when putting our strategy into practice.

1.1 Vision

Tyrolit tools and system solutions promote the technological advancement of humanity.












1.2 Mission

Tyrolit combines the strengths of an experienced family-run company with a unique variety of skills, and uses this to produce leading grinding solutions that support our customers in numerous industries.

2. Management policy

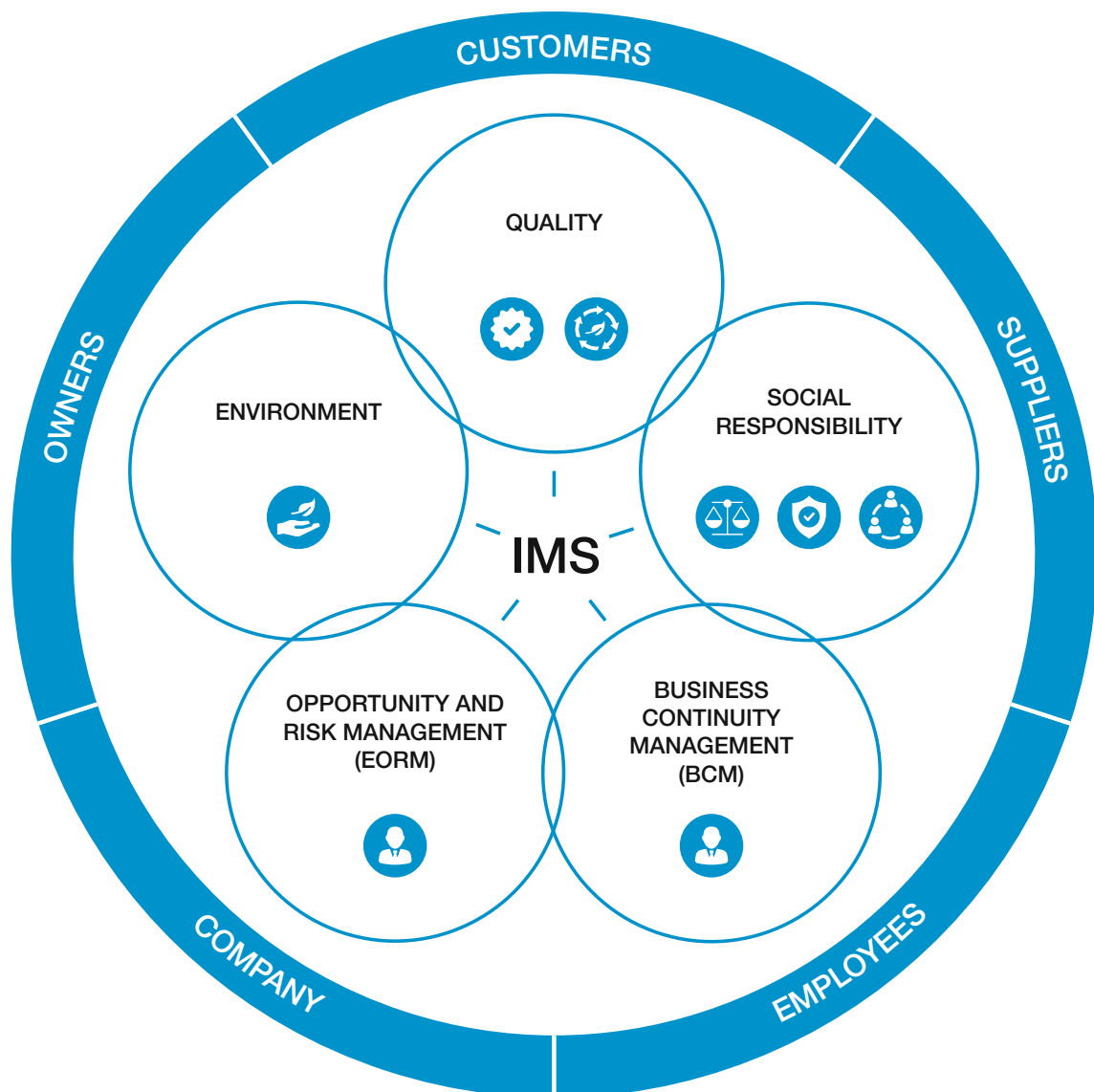
The goals of the integrated Tyrolit management system are delighted **customers**, motivated, responsible, qualified, and satisfied **employees**, long-term and reliable **suppliers** who share our values, proud **owners**, and Tyrolit's position as a productive and responsible member of **society**.

We achieve our goals through

 <p>Excellence</p> <ul style="list-style-type: none"> - Meeting customer requirements for product, process, and service quality - Having a strong innovative spirit and regularly sharing information with research institutes - Continuous improvement of business processes in all areas - Highest product safety standards 	 <p>Sustainable procurement</p> <ul style="list-style-type: none"> - Cooperation with suppliers based on fairness and partnership - Consideration of sustainability criteria in the selection and evaluation of our suppliers - Conducting regular risk analyses 	 <p>Ecology</p> <ul style="list-style-type: none"> - Careful use of resources - Ongoing evaluation of energy consumption and enhancement of energy efficiency - Protecting the environment through measures to reduce emissions
 <p>Responsibility</p> <ul style="list-style-type: none"> - Providing a safe and appreciative working environment - Respect for freedom of expression and assembly - Actively supporting and further developing all staff, as well as promoting equality 	 <p>Transparency</p> <ul style="list-style-type: none"> - Communicating openly with all external and internal interest groups - Treating others with esteem and mutual trust 	 <p>Business ethics</p> <ul style="list-style-type: none"> - Upholding our moral values, particularly in relation to human rights and children's rights - Complying with and verifying all legal requirements in the company and our supply chain
 <p>Company success</p> <ul style="list-style-type: none"> - Effectively managing risks and opportunities, both through preventive strategy and in ongoing operations - Certified Business Continuity Management system for holistic crisis management 	<p style="text-align: center;">Tyrolit Executive Board</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  Thomas Friess </div> <div style="text-align: center;">  Peter Dollinger </div> <div style="text-align: center;">  Matthias Kuprian </div> <div style="text-align: center;">  Andreas Sauerwein </div> </div>	

3. The integrated management system (IMS)

At Tyrolit, we actively practice Corporate Social Responsibility through our integrated management system. To do this, the structures and processes needed to successfully implement our corporate strategy are established and practiced together at all sites. Where individual management systems are already in place, these are harmonised and networked to the greatest possible extent.



3.1 Advantages of the integrated management system

Firstly, it enables a uniform standard to be established for all sites. This makes it easier to realise the goal of high product and service quality set by our corporate mission statement, while also allowing direct comparisons (**benchmarking**) based on key performance indicators (KPIs).

Secondly, various departments are affected by the causes and consequences of a number of operational problems. Decisions taken in one department often have an impact on another, which has only limited powers to respond. Integration enables better solutions to be found and even prevents problems in many cases, by **taking action against their causes**. Integration also allows us to harness the **synergetic effects** that arise between departments.

Lastly, clear organisational rules and defined processes can **minimise business risks** and ensure **legal compliance**.

3.2 Structure and responsibility

As part of a highly dynamic business and social environment, Tyrolit has introduced an integrated management system (IMS) to support its entire corporate policy in the following areas:

- Environmental management
- Quality management
- Social responsibility
- EORM (Enterprise Opportunity and Risk Management)
- BCM (Business Continuity Management)

The IMS is intended to be a framework that supports the realisation of corporate policy and harmonises the requirements of all existing interest groups to the best possible extent, in order to optimise the overall result.

Organisational responsibility for the ongoing development of the Tyrolit Group's integrated management system lies with the Technology area of the Executive Board (ExBo) (please see the current organigram).

3.3 Quality at Tyrolit



Tyrolit became a pioneering force in the abrasives industry by recognising the importance of a quality management system at a very early stage. Today, the majority of Tyrolit companies have been integrated into this system.

Safeguarded and documented processes and work procedures, constant process optimisation and competent employees as part of a high quality and service-oriented corporate culture are cornerstones of our philosophy.

+ Quality is part of our corporate culture

In production companies, the focus is on quality assurance and supporting local production managers through structure alongside defined and managed procedures, analyses and reports. These are adapted to suit local circumstances, yet remain sufficient for a group-wide comparison.

In sales companies, the quality management system concentrates on supporting the core processes. As well as documenting and measuring processes, the ongoing development of the level of service and profitability also occupies a central role.

+ Quality is the key to success

Striving for maximum customer satisfaction through ever-better solutions is critical to the success and positioning of Tyrolit on the market. Optimising the entire value-added chain actively involves employees, suppliers, and customers.

3.4 Environment at Tyrolit



Tyrolit has a duty to the future. We want to accept responsibility and play our part in the sustainable development of the economy. Environmental protection is therefore not only a central pillar of Tyrolit's business model, but also an integral component of the company's management.

+ Environmental protection is part of our corporate culture

For us, complying with all legal requirements is just as non-negotiable as the voluntary and continuous improvement of our environmental efforts far beyond the levels set by law, and the reduction of our environmental impact. We strive to continuously reduce our emissions, use resources with care and enhance our energy efficiency.

+ Environmental protection gives rise to innovation

Tyrolit sees environmental protection as a driving force for continuous corporate further development. Environmental protection not only contributes to the positive development of all existing Tyrolit sites and the creation of new jobs, but also boosts our ability to sustain our market-leading position for the long term.

+ Environmental protection is a communicator

At Tyrolit, living and breathing environmental management creates a central meeting point for all internal and external interest groups. This ensures a strategic sustainability policy in all business units and throughout the entire supply chain.

+ Environmental protection secures our future

An active environmental policy is one of the preconditions of safeguarding the long-term future of the Tyrolit Group. To us, environmental protection is therefore not a restriction, but rather represents an opportunity for a fresh perspective. The issue of environmental protection is a permanent topic and part of every business area. Its successful implementation relies on the effective contribution of each Tyrolit employee.

3.5 Social responsibility at Tyrolit



For generations, social responsibility has been an important part of the Tyrolit management system and is a major factor underlying our actions. It includes responsibility for our employees, for our customers, suppliers and users, for our neighbours all around our sites, and for surrounding districts and regions. As a family-run company in its 5th generation, we attach great importance to open, transparent, and mutually respectful communication with all stakeholders.

+ Occupational health and safety is a central component of our corporate strategy

Tyrolit meets all legal requirements to guarantee the highest possible standard in health and safety at work. Safety and well-being at work are ensured by regular workplace evaluations, safety and product training courses and continuous improvement of the working environment.

+ Responsibility for customers and users

Through ongoing business impact and risk analyses, we make sure that our customers receive a reliable supply of safe products. Continuous safety updates and training go hand-in-hand with the targeted exchange of expertise to establish the necessary awareness and increase the acceptance of essential safety guidelines and measures.

+ Responsibility for society

Responsibility for society – particularly for neighbours and the areas surrounding our sites – is an integral part of Tyrolit's 100-year history. We live up to this responsibility by communicating openly and transparently, and responding to local needs. What's more, we actively contribute financially to society through our regional sponsoring initiatives, supporting around 250 selected cultural, social and sports projects every year.

3.6 EORM – Enterprise Opportunity and Risk Management at Tyrolit



The Tyrolit risk management system encompasses all efforts to determine, mitigate and control risks to the company as a whole. The overriding aim of EORM is to improve Tyrolit's prospects of success, by reducing the negative consequences of all forms of risk and by nurturing opportunities. The objective of EORM is therefore to improve corporate value over the long term by reducing risk costs. The importance of this endeavour is underlined by the active involvement of the members of the Board of Management.

+ Systematically recording and evaluating opportunities and risks

Under the guidance of a risk manager, the opportunities and risks present in all company departments are determined systematically and evaluated.

+ Implementing measures to reduce or manage risks and make the most of opportunities

Existing risks are reduced as much as possible or monitored using suitable systems and processes. Measures to exploit opportunities for the company are implemented.

EORM is a comprehensive, company- and world-wide approach that examines all potential risks and opportunities that arise along the value-added chain and in the area of central services, while crisis management clearly regulates which measures, including internal and external communication measures, are to be taken or initiated, if a risk should suddenly and unexpectedly turn into a crisis (e.g. server failure, fire, etc). The detailed procedures for such events are defined in the crisis management process.

Those responsible for BCM/crisis management at Tyrolit are also risk owners of EORM and therefore have a detailed insight into the overall risk landscape of Tyrolit.

BCM/crisis management and EORM are two complementary systems that are mutually supportive.

3.7 BCM – Business Continuity and Crisis Management at Tyrolit



The Business Continuity Management system enables Tyrolit to remain operative in the event of an incident or crisis, and to restore operations quickly. This way, we ensure that the requirements of our customers - and therefore the reputation of the Tyrolit brand -, as well as the quality of our products, can be upheld, even in the event of a crisis.

+ Identifying risks

Critical processes and resources, as well as the relationships between them, are identified in a business impact analysis, and the associated risks are then analysed and evaluated.

+ Responding to risks

The BCM strategy is built on this. This makes it possible for us to limit the consequences of a disruption, shorten its duration and reduce the likelihood of a breakdown. Tyrolit ensures the successful implementation of this strategy by providing intensive training courses for all employees and creating awareness among them, through high safety standards and the protection of key activities.

+ Crisis management

Through comprehensive crisis management, Tyrolit has set itself the goal of keeping operations going in a crisis, even under the most adverse of conditions. The protection of personnel and the environment is guaranteed through systematic risk reduction.

+ Recording and evaluating events

Every site has an office for reportable events, ensuring smooth communication in the event of an incident. Using an event log, the situation can be assessed quickly and, depending on the nature of the event, the Crisis Management Team (CMT) informed. In order to gain control of a crisis as quickly as possible, there is a list of crisis scenarios for every site, defining the steps to be taken to respond to each crisis.

+ Learning for the future

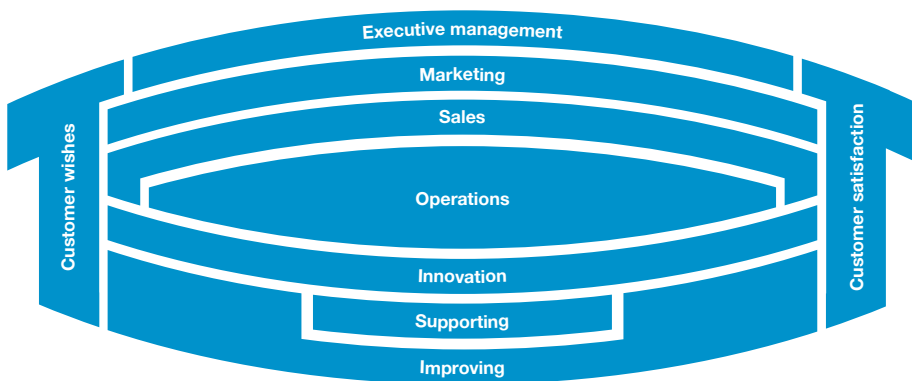
Once an incident has been successfully brought under control, a review is performed. This enables us to learn from previous crises and to stipulate appropriate measures to ensure that these crises do not recur.

STRATEGY



4. Processes

Our customer-oriented approach to processes is reflected in four main business processes: Marketing, sales, operations, and innovation. These enable us to meet the requirements of pertinent interest groups (customers) to their satisfaction. In harmony with supporting processes and the determination to continuously improve all processes, this approach aims to ensure sustainable business development. The Tyrolit management employs management processes to monitor the effectiveness of the management system and makes the necessary resources available to continuously move the business forward.



4.1 Process interactions

	Marketing	Sales	Innovation	Operations	Supporting	Executive management
Marketing		●	●	●	●	●
Sales	●		●	●	●	●
Innovation	●	●		●	●	●
Operations	●	●	●		●	●
Supporting	●	●	●	●		●
Executive management	●	●	●	●	●	

Portraying the interaction between processes in this manner emphasises the fact that it is only possible to deliver sustainable optimisation by adopting a holistic approach. Individual corporate processes are linked to each other through interfaces and must never be viewed in isolation. Changes in one process can affect a process further up- or downstream. For this reason, it is essential that there is regular coordination between process owners.

4.2 Process owners

Shaping, running and continuously improving the main business processes is performed by the respective international managers of the Tyrolit Group in accordance with the Tyrolit strategy and under consideration of the process interactions. Process responsibility is regulated by the various process descriptions in section 4.4.

4.3 Process documentation

Tyrolit business processes	Uniform, documented and measured company-wide, including minimum requirements for subprocesses
	Fixed KPIs
Subprocesses	Subprocess goals uniformly defined and measured (processes, documented procedures and work instructions)
	Description adapted to suit local conditions and may be extended according to local demand
Work instructions	Detailed process descriptions
	Adapted to suit local circumstances
	May be extended according to local demand

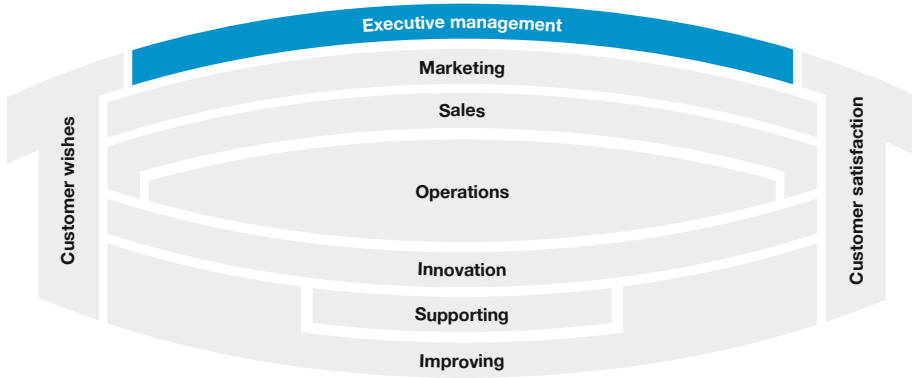
Tyrolit process documentation covers the process model, the descriptions of the main business processes and a range of additional instructions (documented procedures, work instructions, standards, descriptions of KPIs, etc) that are essential for understanding, implementing and optimising processes.

The process documentation applicable to the entire Group is available on the intranet in both English and German under "Integrated Management System". Furthermore, each Tyrolit company is able to store its own process documentation on the intranet.

4.4 Process descriptions

The main business processes of the Tyrolit Group are outlined in detail below.

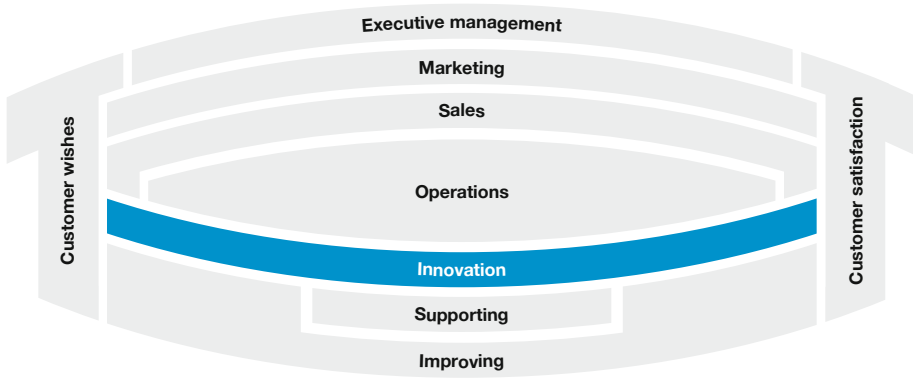
Executive management



- High interaction
- Low interaction

	Marketing	Sales	Innovation	Operations	Supporting	Executive management
Executive management	●	●	●	●	●	
Responsibility	Members of the Executive Board of the Tyrolit Group					
Subprocesses	Strategic management					
	Operative management					
	Integrated management system					
Description	The corporate management process describes the methodology for defining the strategy of the Tyrolit Group and the main planning procedures at operative level. It also defines the integrated management approach in terms of quality, environment, occupational health and safety, risk and crisis management, Business Continuity Management and Corporate Social Responsibility					
Aim	Implementation of a defined management system to guarantee the company's lasting positive development.					
Input	Market development and trends, customer groups, sales channels, production and application technology, raw materials and suppliers					
	Stakeholder requirements					
	Company performance					
	External regulatory frameworks (e.g. laws, standards, directives, Global Compact, ILO...)					
	Risk analyses and identified potentials for improvement					
	Business impact analyses, Risk Treatment Assessment (RTA), identified crisis scenarios					
Output	Vision/strategy for Tyrolit					
	Management policy					
	Strategic projects					
	Consolidated operative plans for Tyrolit					
	Integrated, process-oriented management method					
	Optimised risk portfolio					
	COC - Code of Conduct					
	Business continuity strategy, restoration and emergency plans					
KPIs	IMS_Report					

Innovation

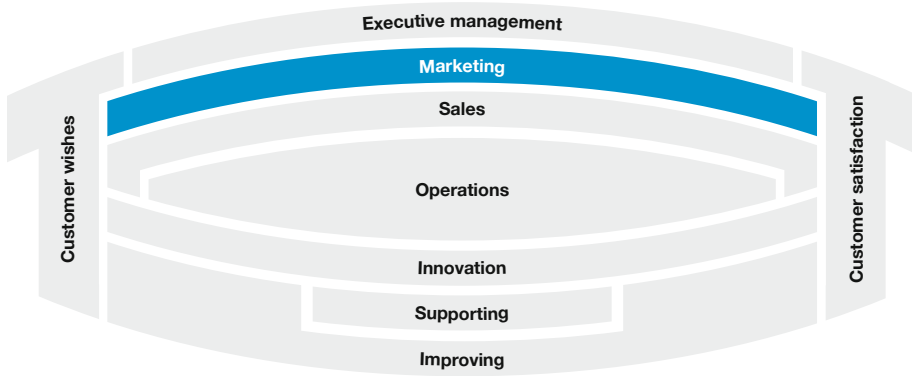


- High interaction
- Low interaction

Marketing
 Sales
 Innovation
 Operations
 Supporting
 Executive management

Innovation		● ● ● ● ●
Responsibility	Head of Technology and Systems	
Subprocesses	n/a	
Description	The process describes the creation and development of new products, taking sustainability factors into consideration	
Aim	Efficiently realising and developing new products that conform to all applicable safety standards	
Input	Management policy Marketing strategy Customer requirements Market development trends Legal requirements	
Output	New products/product groups/processes with technical approval	
KPIs	Development time Degree to which technical goals have been achieved Development costs	

Marketing

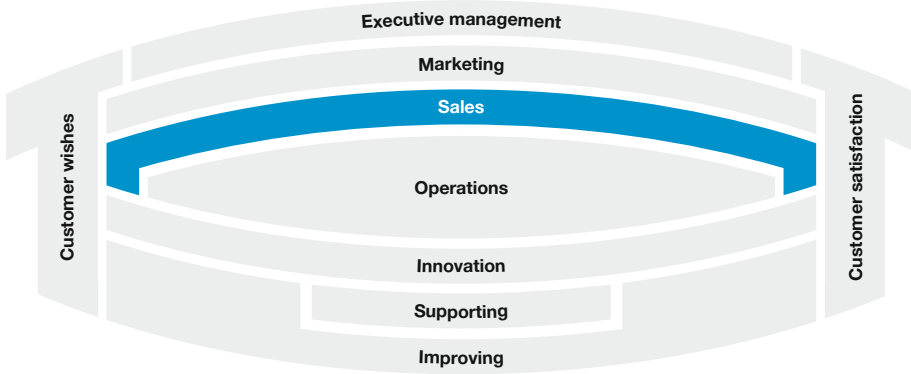


- High interaction
- Low interaction



Marketing		●	●	●	●	●
Responsibility	Head of Business Development / Product Management					
Subprocesses	New products					
	Product range					
Description	The process describes the analysis of market requirements, the definition of a product range that takes into account both the demands and requirements of customers and the commercial aspects, and the launch of new products.					
Aim	Definition of a product range, new products and market requirements.					
Input	Market development trends					
	Customer requirements					
	Tyrolit strategy					
	Output of "Innovation" process					
	Output of "Sales" process					
Output	Marketing strategy					
	Product range based on marketing strategy					
	Launch of new products on the market according to market requirements and the marketing strategy based on these					
KPIs	Turnover with new products					
	DB II with new products					
	Time until market launch					
	Number of items with 80% of turnover					

Sales

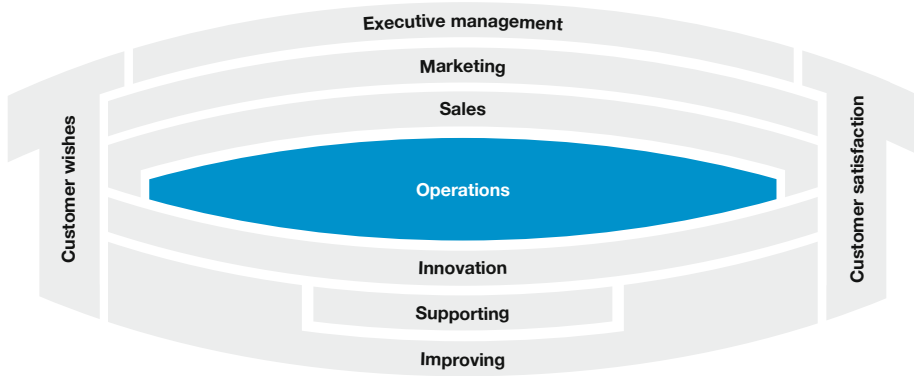


- High interaction
- Low interaction



Sales		●		●	●	●	●
Responsibility	Head of Sales						
Subprocesses	Sale of products and services Order processing Customer loyalty Customer complaints						
Description	The process describes the sale of products and services, including order processing, based on a defined marketing strategy, in order to achieve or exceed sales and margin targets. Building up and maintaining an appropriate customer base with satisfied customers is an important part of facilitating sustainable growth. "Customer loyalty" and "customer complaints" are therefore important subprocesses.						
Aim	Implementation of a defined marketing strategy with minimal allocation of resources						
Input	Marketing strategy: product range, market share, pricing model, customer structure, target groups Product details, marketing material						
Output	Turnover and/or margin targets met or exceeded Qualified customer relations management Marketing strategy implemented						
KPIs	Turnover DB IVa Delivery deadlines met Customer structure (new, potentially lost, lost customers) Credit notes Time taken to resolve complaints						

Operations



- High interaction
- Low interaction

- Marketing
- Sales
- Innovation
- Operations
- Supporting
- Executive management

Operations	● ● ● ● ●
Responsibility	Head of Supply Chain Management Head of Produktion Head of Vertrieb
Subprocesses	SCM planning Procurement Production planning and control Sales logistics
Description	The process describes the planning, control and monitoring of the entire production process, from procurement of the required goods and services through production to delivery of products to customers.
Aim	Highly efficient and punctual production and delivery of products to the necessary quality standards and applicable management policy.
Input	Management policy Sales forecast Approved suppliers and materials Approved customer orders with confirmed production deadlines
Output	Punctual delivery of ordered products
KPIs	Sales forecast planning quality Supplier complaints Deadline compliance of suppliers On-schedule production Scrap Special production releases Development of production costs Warehouse stock Stock turnover Availability COC coverage of suppliers

5. Group certification

We also appoint an independent partner to verify and certify the performance of our integrated management system in terms of effectiveness and efficiency.

5.1 Chosen certification methodology

The Tyrolit Group possesses a group certification. This certification method was selected according to the economic principle of achieving a defined result for the minimal allocation of resources. The group certification best meets our needs for low-resource certification as the external quality inspections of the individual sites are carried out at intervals of several years. The group certification stipulates that the following conditions must be met within the Tyrolit Group:

- Every site in the Group must operate under the same shared management system, which is defined, introduced and regularly monitored by head office. This includes a binding vision, mission, and management policy across the entire Group, as well as a uniform process model.
- The system documentation described is mandatory for all subsidiaries. It is recognised and implemented at local level.
- The Tyrolit Group management system must be administered via a centrally controlled plan and be subject to a central management review (see procedure V030 Management evaluation).
- All sites within the group entity together with the head office must be subject to an internal audit plan, whereby the internal audits must cover the entire local system. In doing so the priorities are specified from a Group point of view (see procedure V027 Audits).
- Information and data on assessing the effectiveness of the management system must be provided by all sites.
- Head office has the right to demand corrective measures should they be needed at one of the sites.

5.2 Requirements for our certification partner

As part of the certification process, we expect our certification partner to bring added value to the ongoing development of our IMS; professional expertise is therefore a fundamental prerequisite. In order that our companies may also benefit from the best possible levels of support, we require that the partner has a local presence to guarantee a shared linguistic and cultural basis.

5.3 Applicable standards for certification

The IMS is operated and certified to ISO 9001/Quality management and ISO 14001/Environmental management. Certification to other standards is possible for specific sites (also see Overview in section 5.5)

5.4 Scope of certification

Tyrolit company	IMS	ISO cert.	Advantages
Production company	Yes	Yes	Uniform management system for the entire Tyrolit Group Uniform quality standard for Tyrolit products regardless of production location
Sales company	Yes	No	Uniform and robust processes for the entire Tyrolit Group Monitoring and continuous improvement of business processes

Our goal is to certify all production companies to the specified ISO standards. Provided that the requirements specified under 5.1 are met, acceptance into the group certification matrix is possible.

The certification applies to the development, design and manufacture of grinding, cutting, sawing, boring, and dressing tools as well as machinery for the construction and natural stone industries. It is evident from the certificates of the individual sites. Development is organised centrally within the Tyrolit Group.

Sales companies are integrated within the management system, however they have not been individually certified.

5.5 Certified Tyrolit companies

● Group certification

● Individual certification

		ISO 9001	ISO 14001	ISO 22301	ISO 45001	ISO 50001
Europe/Africa	Tyrolit Schleifmittelwerke Swarovski K.G., Austria	●	●	●		
	Tyrolit Construction Products GmbH, Austria	●	●	●		
	Tyrolit GmbH & Co KG, Germany	●	●			●
	Tyrolit Hydrostress AG, Switzerland	●	●			
	Bibielle SPA, Italy	●	●		●	
	Carborundum Electrite a.s., Czech Republic	●	●			
	Egesan Aşındırıcı Taşlar Sanayii a.ş. Turkey	●	●			
	Grinding Techniques (Pty) Ltd., South Africa	●				
Asia	Tyrolit Thai Diamond Co. Ltd., Thailand	●	●			
	Tyrolit Olympus Co. Ltd., Thailand	●	●			
Americas	Tyrolit Argentina S.A., Argentina	●	●			
	Radiac Abrasives Inc. U.S.A., Oswego	●	●			
	Radiac Abrasives Inc. U.S.A., Salem	●				

The current certificates for the Tyrolit Group and for the individual companies can be viewed on the intranet under “Integrated Management System/Certification” or on the Tyrolit website under “Company/Quality Management”.

All **worldwide subsidiary companies** can be found on our website at www.tyrolit.com

