

Integrated management system

This manual describes Walter's integrated management system, and is effective immediately.

It is binding for all employees working in areas where the systems are in use.

Area of application	Type	ISO 9001 / VDA	ISO 14001	ISO 50001	OHSAS 18001
Walter AG, Tübingen, Germany	HQ, SU, PU	● / ●	●	●	●
Werner Schmitt PKD Werkzeuge GmbH, Niefern, Germany	SU, PU	●	●	●	●
Walter Wuxi Co. Ltd., Wuxi, V.R. China	SU, PU	●	●		●
Walter AG, Münsingen, Germany	PU	●	●	●	●
Walter Titex - Günther & Co, Frankfurt a.M., Germany	PU	●	●	●	●
Walter Prototyp - 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 USA, LLC, Pewaukee/WI, USA	SU, PU	●	●		●
Walter Italia, S.R.L., Cadorago, Italy	SU	●			
Walter Tools India Pvt. Ltd., Pune, India	SU	●			
Walter Polska sp.z.o.o., Warschau, Poland	SU	●			
Walter France, Soultz-sous-Forêts, France	SU	●			
Walter GB LTD., Bromsgrove, Great Britain	SU	●			
Walter CZ. s.r.o., Kurim, Czech Republic	SU	●			

ENGINEERING KOMPETENZ

– It is our brand promise to deliver the highest standards in metal machining. This includes offering a wide range of highly productive and economical precision tools as well as a comprehensive range of consultancy and other services to support our customers along the entire process chain. In all this, we are constantly working to increase the efficiency of these production processes – through simplification, for example.



With our five competence brands, **Walter**, **Walter Titex**, **Walter Prototyp**, **Walter Valenite** and **Walter Multiply**, we are a partner for our customers, and more than just a supplier. This range of services means that we are comprehensively attuned to the requirements of our target markets with regard to all planning, purchasing and disposal processes, as well as cultivated supplier relationships.

Walter AG was founded in 1919 and is now one of the world's leading metalworking companies. As provider of specialized machining solutions, Walter offers a wide range of precision tools for milling, turning, drilling and threading applications. Walter works together with its customers to develop custom solutions for fully machining components for use in the aviation and aerospace industries, as well as automotive, energy, and general engineering. The company demonstrates its Engineering Kompetenz at every stage of the machining process. As an innovative partner capable of creating digital process solutions for optimal efficiency, Walter is pioneering Industry 4.0 throughout the machining industry. With over 3500 employees worldwide, together with its numerous subsidiaries and sales partners, Walter AG serves customers in over 80 different countries.



Gerhard Schüßler
Quality & Risk Management

A handwritten signature in white ink, appearing to read "G. Schüßler", located below the portrait.

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3 ORGANISATION

3.1 HIERARCHICAL FUNCTIONS

Walter's headquarters are located in Tübingen, Germany.
The Walter Group is organised in such a way that it is headed by a board and 11 Walter Executive Managers.

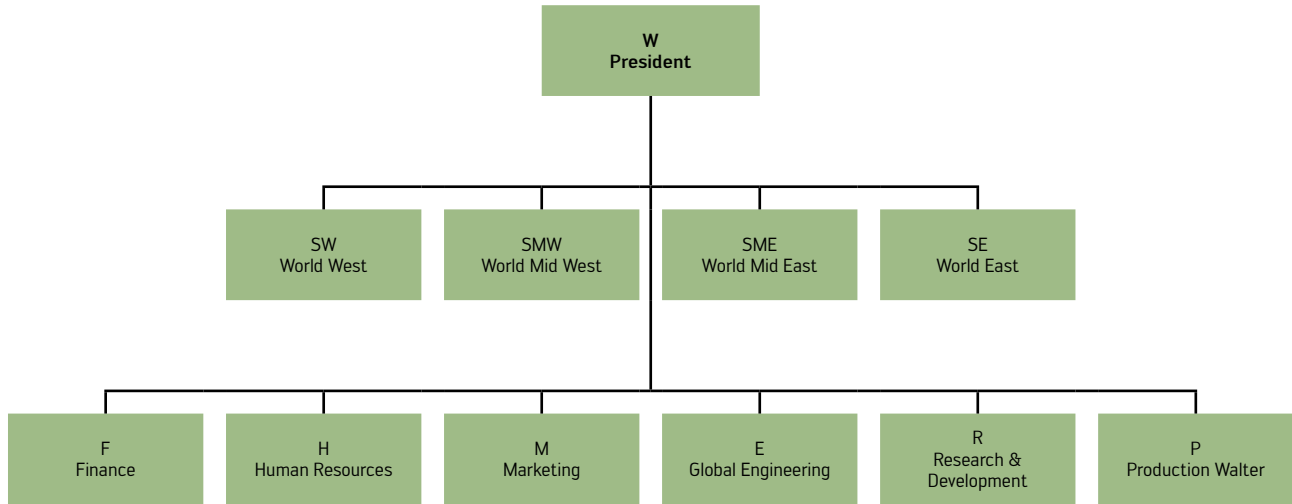


Fig. Walter Executive Management Team

Detailed descriptions of the organisational structures for the relevant markets are available to all employees on the Intranet in the form of organigrams.

3 ORGANISATION

3.2 MATRIX ORGANISATION

Walter Executive Management is made up of two axes, which are shown in the form of a matrix, with one axis for the organisation of the markets (Product Area Sales Regions), and the other for main processes and support processes (Product Area Management Processes).

The Walter Executive Managers for the various markets are responsible for exploiting potential in those markets, and they

support the associated sales companies in handling their market. The focus is on customer acquisition, retention and care. All sales activities are guided and coordinated using a prescribed strategic framework.

The Walter Executive Managers for the processes are either responsible for the main business processes or have taken on additional responsibility within the organisation.

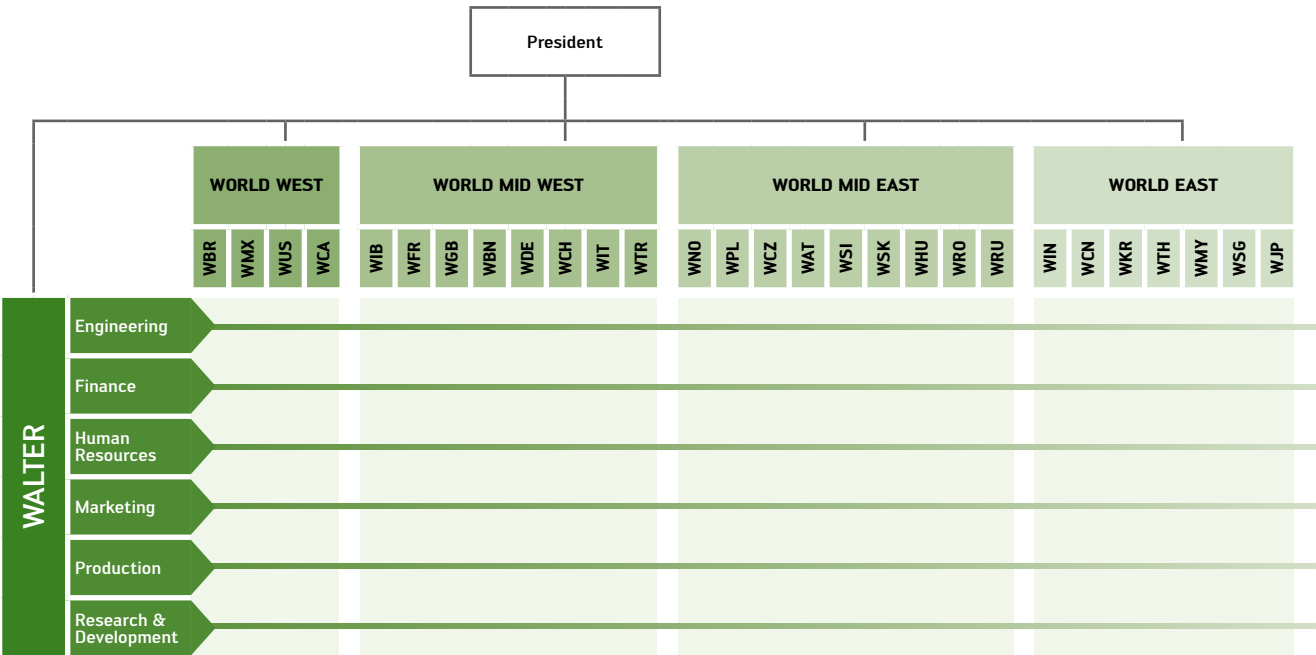


Fig. Process-oriented organisation in the Walter Group

4 CORPORATE MISSION STATEMENT

Our corporate mission statement builds on the code of conduct to which all organisations belonging to the whole company subscribe. This mission statement expresses our corporate culture and business policy. To remain successful in the market, Walter handles possible risks very deliberately. Safety of our employees as well as the quality of our products and brands is top priority.

4.1 ENGINEERING KOMPETENZ

“Engineering Kompetenz” – this is our brand promise and our vision: We look beyond machining tools and focus also on the machining processes of our customers. The problem-solving expertise required to do this is based on great innovation and a strong customer focus. Maximum precision and quality have long been a requirement in metal cutting. Walter also offers value-added services along our customers’ entire process chain.

Our teams strive every day to continuously improve products and processes. For Walter, this means employing a zero-defect strategy, which we ensure through preventive measures and, if necessary, taking immediate corrective action. With Engineering Kompetenz, we are always looking for a better solution – that is the distinctive character of Walter.

4.2 SAFETY TAKES PRIORITY

Health and safety in the workplace are among our top company objectives, and are just as important as top product quality and optimum cost efficiency. We continually check our processes and take preventive measures to avoid accidents, or minimise their impact. A corporate health and safety management program protects employees against influences that are harmful to health. We also provide our employees with targeted information and training on safety-related topics and encourage them to behave in an active, health-conscious manner.

4.3 WE CREATE VALUE FOR OUR SHAREHOLDERS

We deal with the capital entrusted to us in a responsible manner and generate a dividend as interest in accordance with our code of conduct.

4.4 WE ARE ONLY AS GOOD AS OUR EMPLOYEES

We guide our employees with agreements on objectives and set a good example. In this way, we promote initiative. We expect our employees to accept personal responsibility. We develop ability at all levels, in all processes and all countries. We support team spirit and promote cross-boundary and cross-process collaboration. We utilize all means of communication and ensure a common understanding, not least in personal conversations.



With the Walter Academy, we promote further vocational training and invest in the qualification of our employees. In this way, we place a high value on the personal development that is so important for business success.

4.5 WE ARE FAIR PARTNERS

We are fair with all employees, customers, suppliers and competitors, and we maintain long-term business relationships.

4.6 WE ARE PART OF OUR ENVIRONMENT

One of the most important challenges of our time is to reconcile the economy with ecology. Therefore, lasting protection of the environment and energy efficiency in all business processes are an integral part of our approach. It is our declared corporate goal to contribute to the sustainable conservation of our natural environment. In the development and manufacture of our products, we want to assess the effects on the environment and reduce specific energy consumption in the long term. For this reason, taking into account commercial aspects, we make use of the best technology available in order to use energy, water and other resources as sparingly as possible. We regard the legal framework conditions as an absolute minimum requirement. Open dialogue with authorities, residents and media is another essential contribution to effective environmental protection.

5 OUR VALUES

Our values guide our actions. They are based on a strong tradition and reflect the spirit of Walter, which is also expressed in our brand promise, "Engineering Kompetenz".

CUSTOMER ORIENTATION

We strive each and every day to exceed the expectations of our customers. We want to add value with our initiative and vision for what is required; we want to actively contribute to the success of your business.

FAIR PLAY

Our business relationships are built upon social responsibility and sustainability. Safety always comes first for us. We believe respect, honesty and consideration make for a successful, long-term business relationship.

INNOVATION

Tomorrow's products and machining technologies are being developed today. Our employees are therefore open to new perspectives and have the courage to initiate change.

PASSION TO WIN

To produce solutions that are ideally suited to our customers, we need inspiration and passion. At Walter, we have set ourselves challenging goals which we can pursue alongside our customers.

6 PROCESS ORIENTATION AND CONTINUOUSLY IMPROVING

6.1 INTEGRATED MANAGEMENT SYSTEM

Our integrated Management System is based on the following standards:

- **DIN EN ISO 9001:2015** Quality management
- **VDA 6.4:2017** Means of production for the automotive industry
- **DIN EN ISO 14001:2015** Environmental management
- **BS OHSAS 18001:2007** Occupational health and safety management
- **DIN EN ISO 50001:2011** Energy management

These systems are used for the continuous improvement (CIP) to respond adequately and efficiently to the needs of market, customers, employees and the public.

6.1.1 QUALITY MANAGEMENT

Our quality management ensures that processes within our organisation flow in a well-structured manner. Our policy is to implement a zero-defect strategy, as this is the basis of high customer-satisfaction. All relevant workflows and specifications are documented. Other standards are hierarchically subordinate to the quality management system.

These documents are available to our employees at any time. They are also regularly informed about this in meetings, via notices and via digital media such as video conferences or the Intranet.

6.1.2 ENVIRONMENTAL MANAGEMENT

Our environmental management system aims to make economical use of the required raw, auxiliary and operating materials. Even at the planning and development stage, environmentally-friendly production processes and products are favoured in order to prevent or reduce waste, waste water and emissions.

The recycling of worn products and the environmentally friendly disposal of waste are also main priorities.

6 PROCESS-ORIENTED AND CONTINUOUSLY IMPROVING

6.1.3 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

The organisation has implemented an occupational health and safety management system, which structures the responsibilities of the managers. Occupational health and safety at Walter is based on the applicable legal principles. The management system helps us to protect employees from damage or health impairments at work. The system ensures that the employees and their representatives are involved in all relevant decision-making processes.

6.1.4 ENERGY MANAGEMENT

An energy management system helps us to continuously improve our energy efficiency and to reduce our energy consumption in the long term. As a basis for this, we regularly gather consumption data and have created an efficiency-enhancing programme for the sustainable reduction of energy consumption.

Relevant legal obligations and other requirements have been taken into account and are reviewed through regular audits. The financial and structural requirements for this have been met.

6.1.5 RISK MANAGEMENT

Our global activity is exposed to many risks. Walter attempts to identify these risks in good time and to take preventive action in a responsible manner. Risks are defined, recorded within a regular risk inventory, and simultaneously quantified according to their potential effects.

Measures to prevent or minimise these risks are subsequently set out. A regular forecast of the expected business development and ongoing market and competitive analyses are key instruments of risk analysis.

6.2 STRUCTURE OF THE MANAGEMENT SYSTEMS

In all management systems, the organisation acts according to the PDCA model (**P**lan-**D**o-**C**heck-**A**ct). Processes are monitored using key data, audits, inspections, regular meetings, etc., and the results are presented to company management at regular intervals. Customers and interested parties are an integral part of our processes. Their requirements are regularly ascertained and incorporated in our processes.

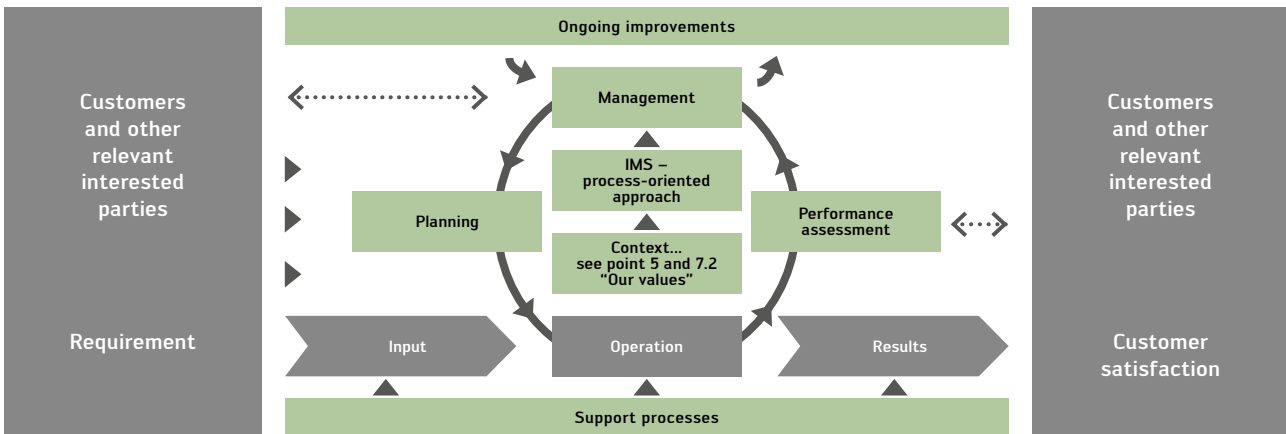


Fig. Process model

6 PROCESS-ORIENTED AND CONTINUOUSLY IMPROVING

6.3 PROCESS LANDSCAPE

Walter has subdivided its processes into management, main and support processes. All processes run according to plans in a controlled manner, and are visualised in a process landscape.

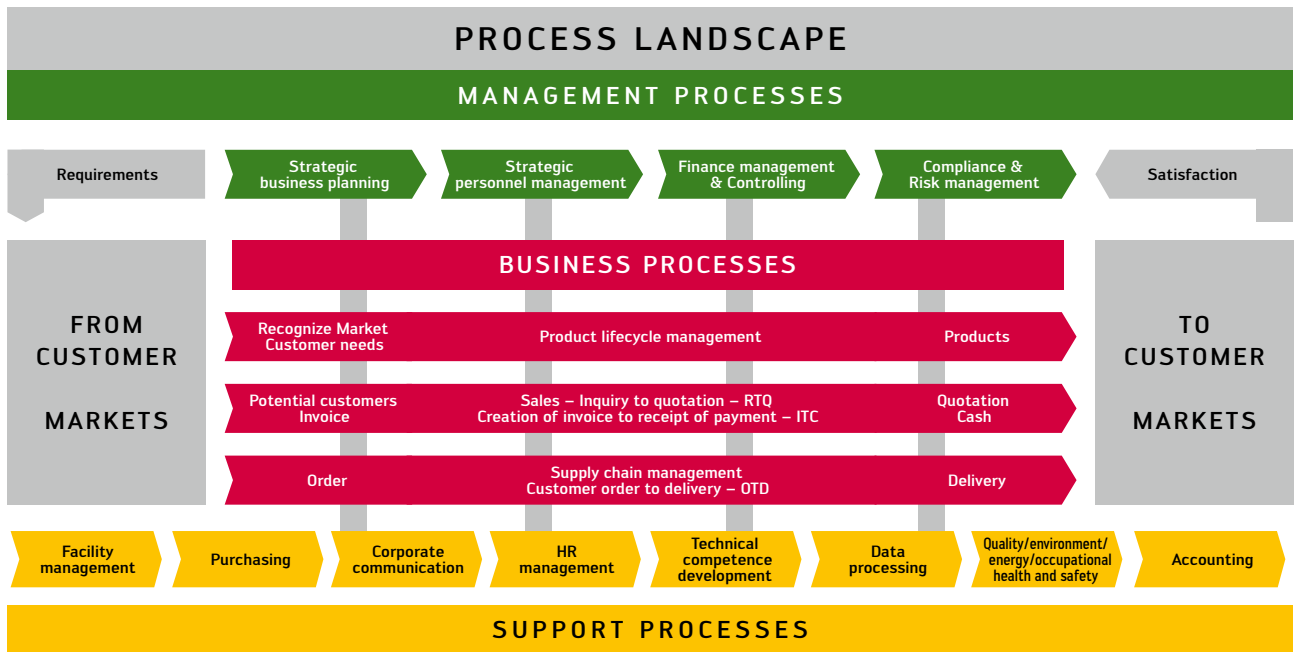


Fig. Process landscape

6.3.1 MANAGEMENT PROCESSES

Management processes serve to direct the strategic orientation of Walter and form its structural framework. They include strategic business and personnel planning, financial management and controlling, risk management (incl. audits) and management review.

6.3.3 SUPPORT PROCESSES

These processes serve to support the management and business processes in order to ensure optimum workflows. They contain procedures for measuring, monitoring and continually improving the integrated management system and processes, as well as products and services.

6.3.2 BUSINESS PROCESSES

Business processes describe value-adding workflows. They represent our core competencies and help to ensure the success of our company and the achievement of our goals.

7 BASIC PRINCIPLES

7.1 MANAGEMENT OBLIGATIONS

The company management bears overall responsibility for the organisation. It is committed to fulfilling the requirements of the integrated management system and taking the expertise of all authorised persons into consideration. All resources required for introducing, implementing and maintaining the integrated management system are made available.

Relevant official and legal provisions and national and international standards are met, insofar as they are concerned with business operations. We regard this as an important task for management in all company functions and at all levels. The necessary technical and organisational workflows are regularly monitored and further developed.



7.2 OBJECTIVE ORIENTATION

With the corporate mission statement, the board is expressing Walter's philosophy and vision. From this mission statement, the board, Product Area Management and process owners set the long-term strategy for the organisation. The objectives are jointly compiled, compared and broken down between management and employees in target agreements.

7.3 RESPONSIBILITY AND AUTHORISATION

The responsibilities and roles of individual organisational units and persons are documented in organigrams, job descriptions, workplace specifications and process descriptions. The assigned tasks, authorisations and interdependencies of the various organisational units and jobs are also derived from these. They are also supplemented and documented by accompanying instructions and organisational directives.

7.4 MANAGEMENT REPRESENTATIVES

Management representatives have been appointed for the relevant organisational units. They are responsible for the introduction, maintenance, assessment and improvement of the integrated management system.

7.5 TRAINING AND INSTRUCTION

The most valuable asset of the organisation is its employees. All organisational units have been given the necessary means to train their employees according to requirements.

Through training and instruction sessions, all employees are made aware of quality, environmental, energy and occupational health and safety issues, and are obliged to work in a sustainable manner that saves resources and energy.

8 DOCUMENT STRUCTURE

The management system manual and all relevant documents are made available on the Walter Intranet. They are to be regarded as requirements, and are binding. Those documents released on the Intranet are managed using the integrated management system.

Print-outs of these documents are for information and work purposes. Further details are contained in the process description.

- **Control of documented information – QOP-QP00-01**

Other internal and external documents such as directives, rules and standards are administered, inspected as to how up to date they are and distributed to the appropriate persons responsible.

Records are to be regarded as verification documents, and are for analysis, assessment and continuous improvement of products and processes. These are also managed. Archiving of relevant documents and records is fixed.

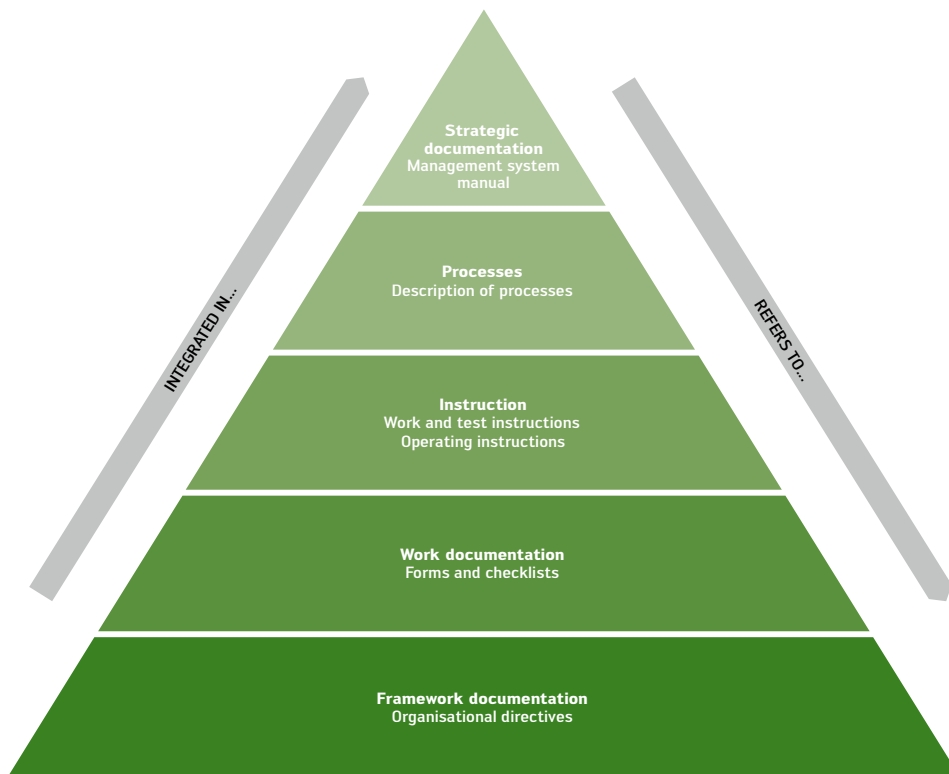


Fig. Document hierarchy

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