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Introduction

This document is a joint report prepared by Tyrolit AG and its subsidiary, Tyrolit North America Holdings Inc., (collectively, “Tyrolit” or “we”) in response to Section 11 of the Fighting Against Forced Labour and Child Labour in Supply Chains Act (“Bill S-211” or “the Act”) for the financial year ending December 31, 2023. In this report, we describe the risk management measures we have implemented to prevent child labour and forced labour in our operations and supply chains. We also consider further improvements as part of our ongoing commitment to fostering a robust ethical culture.

Tyrolit is committed to maintaining the highest standards of honesty and integrity in all its business operations. In accordance with Bill S-211, this report outlines the measures implemented by Tyrolit over the previous financial year to mitigate risks associated with forced and child labour in its business framework.

Tyrolit is committed to sustainability as part of its core values. As a Group, we believe that Corporate Social Responsibility (CSR) and sustainability are critical to our success. We strive to ensure that all our activities have a positive impact on people, the environment and society as a whole. Our goal is to be a productive and responsible member of society. In doing so, we focus on respect for human rights and the careful use of resources.

Forced labour and child labour is contrary to our statement of purpose, vision and values, therefore Tyrolit does not endorse any human trafficking and modern slavery within its organization or any organization with whom it conducts business with.



1. Structure, Activities and Supply Chain

Tyrolit AG, based in Austria, is a corporation that oversees a global network of holding companies including Tyrolit North America Holding Inc., based in Delaware, USA. Other key global entities operate in Mexico, China, Thailand, Australia, India, Brazil, and Argentina. Tyrolit North America also manages several subsidiaries, such as WV Abrasive Holdings Corp. and Radiac Abrasives Inc. The structure supports efficient production, sales, and sustainability efforts worldwide.

Tyrolit Group is one of the world's leading manufacturers of grinding and dressing tools, as well as a system provider for the construction industry. Tyrolit North America Holdings Inc. imports goods from vendors located across the globe to support its manufacturing and supply chain operations. Tyrolit strives for excellence in every product, fostering sustainability and efficiency across industries. Its commitment is to empower our partners with superior tools and unwavering support.

To classify the sectors within the supply chain and related activities of Tyrolit, the North American Industry Classification System (NAICS) Canada 2022 Version 1.0 was used to classify the sectors. Sectors within Tyrolit's supply chain include:

- 32 – Manufacturing
 - 3279 – Other non-metallic mineral product manufacturing
- 41 – Wholesale Trade
 - 4172 – Construction, forestry, mining, and industrial machinery, equipment and supplies merchant wholesalers

2. Policies and Processes in Relation to Forced and Child Labour

Tyrolit's [policy framework](#) focuses on ethical, environmentally, and socially responsible business conduct, and adheres to international standards such as the Global Compact, ILO, and OECD guidelines. The framework prioritizes human rights, bans forced and child labor, and combats workplace discrimination while ensuring fair wages and safe working conditions. The framework also includes sustainable procurement practices and continuous improvement of business processes to meet customer and legal requirements. Regular audits and assessments ensure compliance with these standards across the supply chain.



Tyrolit maintains the following components in its policy framework:

- **Employee Code of Conduct:** Tyrolit's Code of Conduct mandates ethical behavior, integrity, and compliance with legal standards, emphasizing human rights, anti-corruption, and anti-discrimination. Employees are trained to adhere to these guidelines, ensuring a respectful and fair working environment.
- **Internal Audit Charter:** The Internal Audit Charter defines the role of Tyrolit's Internal Audit function in providing risk-based assurance to enhance organizational value. It ensures independent evaluations of risk management, governance, and compliance processes, reporting directly to the CEO.
- **Supplier Onboarding process:** The Supplier Onboarding Process ensures that new suppliers meet Tyrolit's quality, environmental, and social standards through a detailed evaluation and qualification process. Long-term partnerships are established with suppliers who comply with sustainability criteria and undergo regular audits.
- **Management Policy:** Tyrolit's Management Policy aims to achieve customer satisfaction, employee motivation, and sustainable supplier relationships through transparency, responsible resource use, and continuous improvement. It emphasizes ethical standards, human rights, legal compliance, and a safe, inclusive working environment.

In particular, the following sections in Tyrolit's policy framework directly acknowledge a ban on forced and child labour:

- **Code of Conduct for Suppliers:** The Human Rights & Labour section explicitly bans any form of forced labour and child labour, ensuring compliance with minimum age laws and prohibiting hazardous work for individuals under 18 years old. Suppliers are required to attest to this code of conduct.
- **Employee Code of Conduct:** The Human Rights & Social Minimum Standards section affirms Tyrolit's commitment to abolishing exploitative child labour and strictly acknowledges the prohibition of any form of forced labour, in line with national and international standards. This code of conduct is part of the employee training and onboarding process.
- **Internal Audit Charter:** The Scope and Responsibility section outlines the audit's role in ensuring compliance with human rights standards, including the assessment of risks related to child and forced labour.



These sections collectively mitigate the presence of forced and child labour in both internal operations and external supplier relationships, while adhering to strict international ethical standards.

Tyrolit is committed to combating the issue of child and forced labour, an issue which affects more than 24 million people worldwide.

3. Identification of Forced and Child Labour Risk

To understand where in the supply chain forced or child labour risks may exist, Tyrolit recently carried out a risk assessment process. This process was guided by insights provided by the Walk Free Global Slavery Index, the OECD Due Diligence Guidance for Responsible Business Conduct, and by the US Department of Labor's List of Goods produced by Child Labor or Forced Labor.

Our risk identification exercise does not assess the actual use of forced or child labour within our operations or supply chains, rather, it is aimed at recognizing potential scenarios where such risks might arise, thereby further enabling us to implement effective preventative measures. Our assessment acknowledges that no industry is entirely exempt from the risks of forced and child labour and there are inherent vulnerabilities within certain sectors of our supply chain, particularly in regions where regulatory frameworks and enforcement mechanisms might not be robust.

Our analysis considered specific geographic regions that, according to the Walk Free Global Slavery Index and other credible sources, present a higher risk of forced and child labour practices. This geographic risk assessment, was combined with an assessment of at-risk-goods categories, further enabling us to apply a targeted lens to our risk assessment.

Risk Assessment Findings

Through its analysis, Tyrolit identified that it sources materials from suppliers in India and Thailand, countries which have a heightened prevalence of forced and child labour. These countries account for 2.4% of Tyrolit's total procurement spend for the year of FY2023. The remaining majority, 97.6% of the procurement spend, is associated with countries that have a low prevalence of modern slavery. In particular, Austria, the United States, and Canada, countries which are recognized for their stringent labor standards and low incidence of forced and child labour, account for 93% of Tyrolit's procurement spend.



Tyrolit also considered the data from the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor. This is an important step in isolating specific goods from our import portfolio, that may be susceptible to forced or child labour. By considering this data against the products that Tyrolit procures, no products were found to have been associated with countries with a heightened prevalence of risk.

Overall, the findings from our risk assessment suggest that there is low overall exposure to forced and child labour risks within the supply chain in the context of overall expenditures.

Tyrolit will maintain its vigilance through its established audit framework to monitor and assess the risks of forced and child labour.

4. Remediation of Forced and Child Labour

After a thorough audit of our supply chain, Tyrolit has not found any instances of forced and child labour in the previous fiscal year.

In the event that Tyrolit identifies or comes across any forced or child labour instance within our supply chain, we will adhere to the OECD Due Diligence guidance to chart out an appropriate course of forced or child labour remediation on a case-by-case basis.

5. Remediation of Loss of Income

After a thorough audit of our supply chain, Tyrolit has not found any instances of forced and child labour in the previous fiscal year, and hence, have not identified any vulnerable families which may have experienced a loss of income.

In the event that Tyrolit identifies or comes across any vulnerable families which experienced a loss of income resulting from any measures taken to eliminate the use of forced labour or child labour in Tyrolit's activities and supply chains, we will adhere to the OECD Due Diligence guidance to chart out an appropriate course of action on a case-by-case basis.



6. Employee Training

Tyrolit places a strong emphasis on employee training and development as part of its management policy. The company supports and encourages continuous professional development to ensure a high standard of work, employee motivation, and performance. Training programs cover aspects such as health and safety, compliance with legal and ethical standards, and technical skills enhancement. Regular training sessions and clear communication help employees understand their responsibilities and adhere to the company's Code of Conduct.

The Employee code of conduct is an integral part of the training and onboarding of all Tyrolit employees, and it strictly acknowledges the ban on any form of forced labor and commits to abolishing exploitative child labor, ensuring respect for the minimum age for employment according to national laws of the respective jurisdictions.

7. Assessing Effectiveness

Tyrolit's audit mechanisms, defined in the Internal Audit Charter, provide risk-based assurance and independent evaluations of compliance with company policies, including human rights and anti-corruption. Regular audits are conducted to ensure adherence to ethical, environmental, and social standards across all operations and suppliers, and are updated annually after submission to the CEO for review and approval.

Tyrolit's audit mechanisms for forced and child labour are integrated into their overall internal audit and supplier onboarding processes. The Internal Audit Charter ensures compliance with human rights standards, including assessments for risks related to forced and child labour. The Supplier Onboarding Process requires suppliers to sign the Code of Conduct, which explicitly prohibits forced and child labour, and includes regular audits to verify compliance. These mechanisms encourage both internal operations and external suppliers adhere to Tyrolit's stringent labour standards.

Tyrolit is committed to continuous improvement on this subject as an organization to ensure transparency and accountability in our supply chain operations.



8. Attestation of the Report

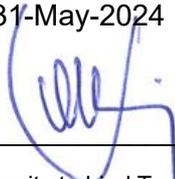
Pursuant to subparagraph 11(4)(b)(i) of the Act, this joint report was approved by the Board of Directors of Tyrolit AG and Tyrolit North America Holdings Inc.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above, and that it has been approved by the corresponding governing body or bodies of the entity or entities. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full Name: Peter Dollinger

Title: Chief Financial Officer, Tyrolit Group

Date: 31-May-2024

Signature:  _____

"I have the authority to bind Tyrolit AG AND Tyrolit North America Holdings Inc."

Full Name: Thomas Friess

Title: Chief Executive Officer, Tyrolit Group

Date: 31-May-2024

Signature:  _____

"I have the authority to bind Tyrolit AG."

Full Name: Georg Hauser

Title: Head of International HR, Organizational Development, Internal Audit and Legal

Date: 31-May-2024

Signature:  _____

"I have the authority to bind Tyrolit North America Holdings Inc."