



KROHNE

KROHNE GROUP QUALITY, HEALTH & SAFETY and ENVIRONMENTAL MANUAL

KROHNE Group Quality, Health & Safety and Environmental Manual

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1 Introduction

The purpose of this QHSE manual is to define the Corporate QHSE integrated management System and Policies of the KROHNE Group.

This Quality, Health & Safety and Environmental Manual is applicable to all KROHNE production and sales companies worldwide including joint ventures.

As a family-owned company, we uphold human values, and this transpires in the principals on which we base our QHSE management:

- **Customer focus and satisfaction** - Understanding our customer's needs and providing them with instruments and solutions which meet and exceed their expectations in terms of value, quality and service.

- **The health and security of both our staff and our customers** - We pay attention to our workers' well-being and prevent injury and illness by providing a safe and healthy working environment. We seek to protect our customers also by providing products which satisfy the highest safety standards.

- **Protection of our planet** – we aim to limit the environmental impact of our products and processes by applying Eco-Design and reducing waste and emission to the surrounding environment.

- **Social and Ethical values** – as a socially responsible company KROHNE is committed to conducting our activities with respect of universally held ethical and social values, especially integrity, honesty and respect of human dignity. We pursue responsible leadership and fair business practices.

This manual acts as the foundation of KROHNE's quality management system which is based upon and complies with international standards, ISO 9001, ISO 14001 and ISO 45001.

In addition to this manual all factories have their own Quality, Health & Safety and Environmental Manual to define specific local rules to the corporate quality management system in compliance with regulations of the country.

The Quality, Health & Safety and Environmental Manual is established and owned by KROHNE's Senior Vice President QHSE.



2.2 Overview – Products, Services and Solutions

Products



Complete instrumentation portfolio:

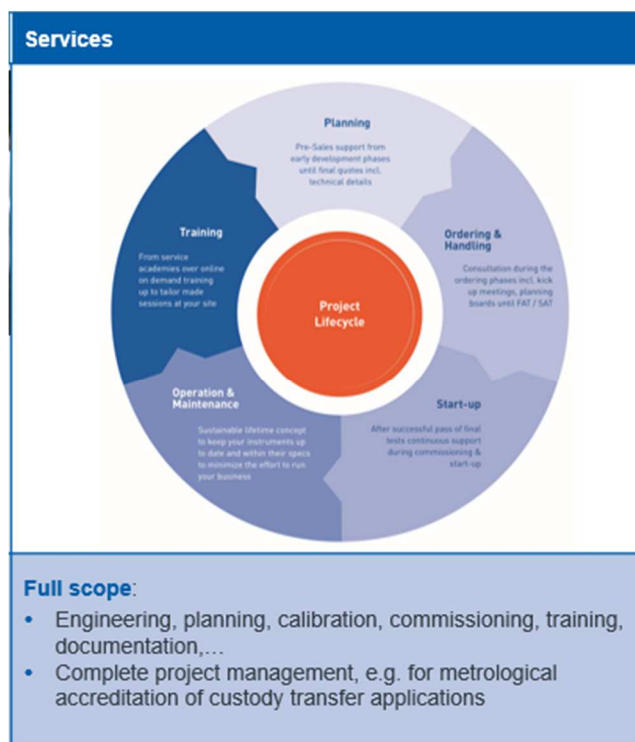
- Flow
- Level
- Pressure
- Temperature
- Process Analytics

Solutions



Engineered solutions for process control and automation:

- Flow metering: Stations, skids, runs & control systems
- Monitoring: Process monitoring, supervisory and analysis
- Wireless and remote metering solutions: Remote data transmission for special applications



3 Leadership, policies and responsibilities

3.1 KROHNE Group Management structure

KROHNE Group has a functional organizational structure comprising an Executive Board and an Extended Executive Board supported by KROHNE Group advisory board which is presided by a chairman.

The board is further supported by KROHNE Group Corporate Managers.

KROHNE Group Executive Board:

- Chief Executive Officer
- Chief Business Development Officer
- Chief Sales Officer
- Chief Finance Officer

KROHNE Group Extended Executive Board:

- Executive Vice President Operations
- Executive Vice President Strategic Marketing
- Executive Vice President Sales

KROHNE Group Corporate Managers:

- Vice President Business Development
- Vice President Operational Marketing
- Senior Vice President QHSE
- Vice President Information Technology
- Vice President Services

3.2 Policies

The following documents form part of the QHSE Manual, but are edited and updated separately from this document:

Policies:

- KROHNE Quality and Sustainable Development Policy
- KROHNE Code of Conduct for Corporate Social Responsibility
- KROHNE Business Partners' Code of Conduct
- KROHNE Gift Policy
- KROHNE Nuclear Safety Culture Policy

3.3 Organizational roles and responsibilities

The main responsibilities of the principal actors involved in maintaining an effective QHSE System within the KROHNE Group are outlined below:

CEO:

Chief Executive Officer has the following responsibilities and duties:

- Speaker of the Executive Board.
- Create and implement the company's corporate vision and mission.
- Define and lead the company's short and long-term strategy: setting measurable strategic goals.
- Evaluate the work of other executive staff within the company and lend them support.
- Assess and monitor the company's risks.

Executive Board:

As well as ensuring their individual role and responsibilities the executive board has oversight duties and lends support to the CEO.

- Ensure the future continuity and growth of KROHNE.
- Establish and review the strategies, policies and objectives of the company and evaluate performance against goals.
- Direct and oversee the company's financial and budgeting activities and ensure its long-term financial stability.
- Decide on legal matters, technical issues, relationships within the KROHNE group and its partners.

Senior Vice President QHSE:

The Senior Vice President QHSE has the overall responsibility for developing, implementing and maintaining an integrated QHSE management system that meets the needs of our customers as well as any statutory and regulatory requirements.

- Define KROHNE Group harmonized quality policy.
- Ensure that this is communicated, implemented and monitored throughout the KROHNE Group,
- Support process owners in the preparation and implementation of corporate procedures in compliance with the ISO standards and other regulations.
- Define and monitor Corporate QHSE indicators in order to facilitate management decisions.
- Define and implement Corporate QA tools.
- Lend support and show appreciation to local quality managers in their initiatives and corrective actions, in pursuit for continual improvement, when they are judged pertinent.
- Manage major non-conformities in the scope of the Escalation procedure.

General Manager

- Ensure the company's continuous growth and sustainability.
- Implement and maintain budgets – oversee profit and loss.
- Make decisions regarding the scope of certifications and norms.
- Define the process map of the company and appoint process owners.
- Allocate the necessary resources for implementing and maintaining the integrated QHSE management system.
- Ensure the overall delivery and quality to meet customers' needs.
- Communicate strategy and results to the organizations' employees.

Local QHSE Manager

- Maintain the local integrated QHSE management system.
- Ensure that local quality procedures comply with local regulations and corporate procedures and guidelines.
- Ensure the effectiveness of the local QHSE system.
- Monitor the Quality indicators in order to facilitate management decisions.

- Schedule internal audits and ensure that corrective actions are implemented in the case of findings
- Report and inform the general manager and corporate QHSE on the main Quality dysfunctions and the progress of major actions.
- Escalate major non-conformities and accidents to the Senior Vice President QHSE.

Process owners:

- Set and maintain procedures within their own area of responsibility in line with business objectives (e.g.: budget) and the KROHNE Group QHSE policy.
- Set objectives, establish priorities, and implement actions for improving the process and reaching targets.
- Organize periodic process reviews.
- Ensure that their process is deployed at a local level.
- Ensure the smooth running of the process by optimizing human resources, flux, processes, working methods, procedures, in a permanent process of improvement, customer satisfaction, costs, and Quality.

4 Integrated QHSE Management System

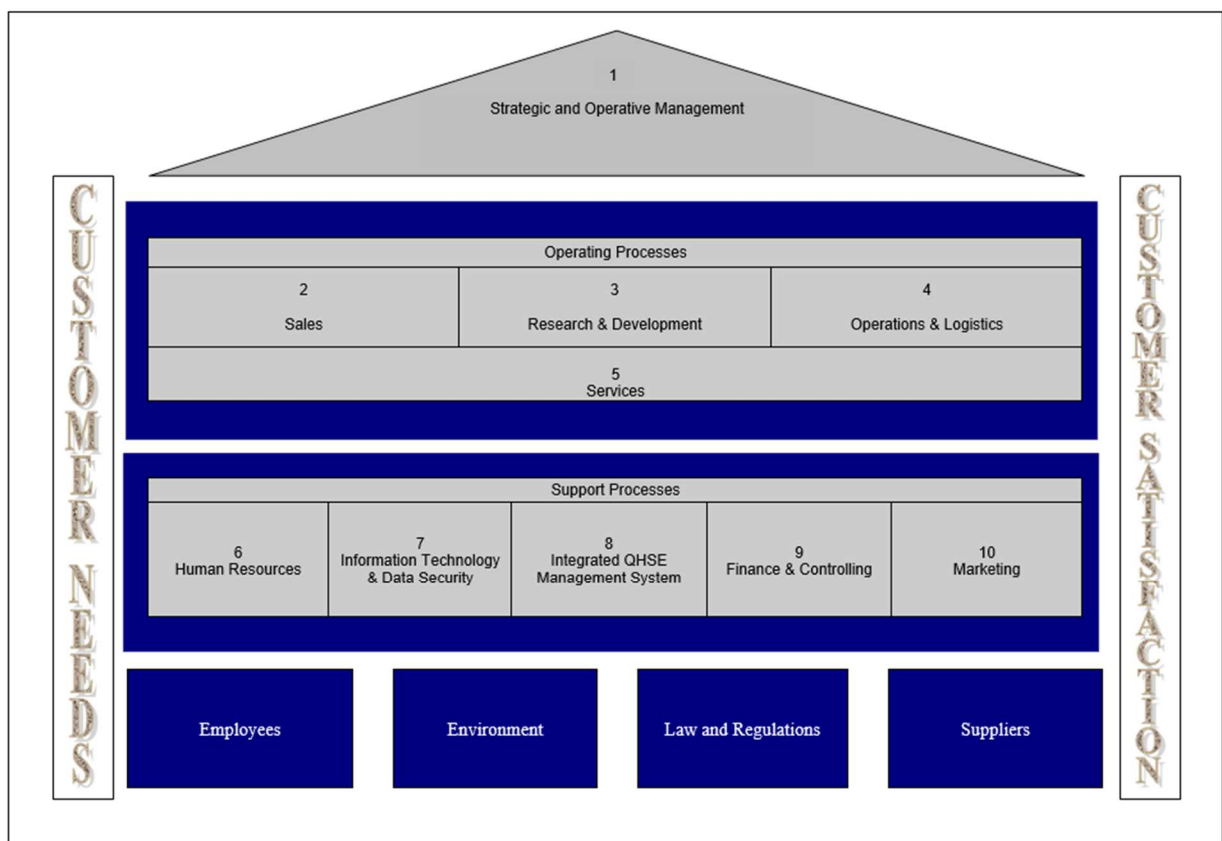
KROHNE's integrated QHSE Management System aims at meeting the requirements of ISO 9001, ISO 14001, ISO 45001 and to consistently improve our overall performance.

In order to meet with the above standards, our integrated QHSE Management System is based on a process approach. KROHNE applies continuous process improvement methodology, i.e. the Plan-Do-Check-Act cycle, (PDCA) to ensure the ongoing effectiveness of its Management System.

4.1 Process Approach

The process approach involves the systematic definition and management of processes, and their interactions.

This approach enables the organization to control the interrelationships and interdependencies among the processes of the system, so that the overall performance of the organization can be enhanced. Management of the processes and the system as a whole can be achieved using the PDCA cycle with an overall focus on risk-based thinking aimed at taking advantage of opportunities and preventing undesirable results.



The KROHNE Group Quality System is built around three types of process:

Management Processes

- Performance Management, Objectives & Targets, Resources

Operating Processes

- Sales
- Research & Development
- Operations & Logistics
- Services

Support Processes

- Human Resources
- Information Technology & Data Security
- Integrated QHSE Management System
- Finance & Controlling
- Marketing

4.2 Management systems and Certifications

Further to a process approach in maintaining an effective Quality Management System, KROHNE seeks to attain compliance to international and national standards for our products, processes and our environmental footprint.

Current certifications must be continued, monitored, renewed and new certifications chosen with discernment in view of their contribution to the Group's growth.

Keeping in line with international standards and regulations contributes to steering KROHNE on its path of quality performance, not forgetting the importance of anticipating the forthcoming demands of new norms and regulations as well as those of the product market and of our customers.

In terms of external customer satisfaction and legal requirements the internationally recognized ISO norms remain the referential management system for the KROHNE Group:

Lead factories (in charge of design, production engineering and manufacturing)

- Quality - ISO 9001 ***
- Environment ISO 14001 ***
- Health & Safety ISO 45001 ***
- Calibration ISO 17025 ***
- Welding ISO 3834 ***
- Safety Integrity level (SIL) IEC 61508

Production Companies (in charge of manufacturing only)

- Quality - ISO 9001 ***
- Environment ISO 14001 ***
- Health & Safety ISO 45001
- Calibration ISO 17025 ***
- Welding ISO 3834

Sales Companies (in charge of marketing, sales and services)

- Quality - ISO 9001 ***
- Environment ISO 14001

*** = external certifications

4.3 Continuous Improvement

Continuous improvement of our global performance is an ongoing goal of our organization. The above-described process approach is essential to developing, implementing, and improving the effectiveness of the quality management system and to enabling continuous improvement. Continuous improvement is applied at all levels with multiple advantages:

- enhancing customer satisfaction,
- upgrading the quality of our products and services
- reducing costs
- accelerating innovation
- improving on safety
- reducing waste

We aim to implement and sustain a continuous improvement culture by:

- prioritizing improvement measures
- identifying and capturing opportunities for improvement
- allocating resources
- encouraging each employee to focus on efficiency and to strive perfection
- evaluating results by establishing key performance indicators.

4.4 Risks and Opportunities

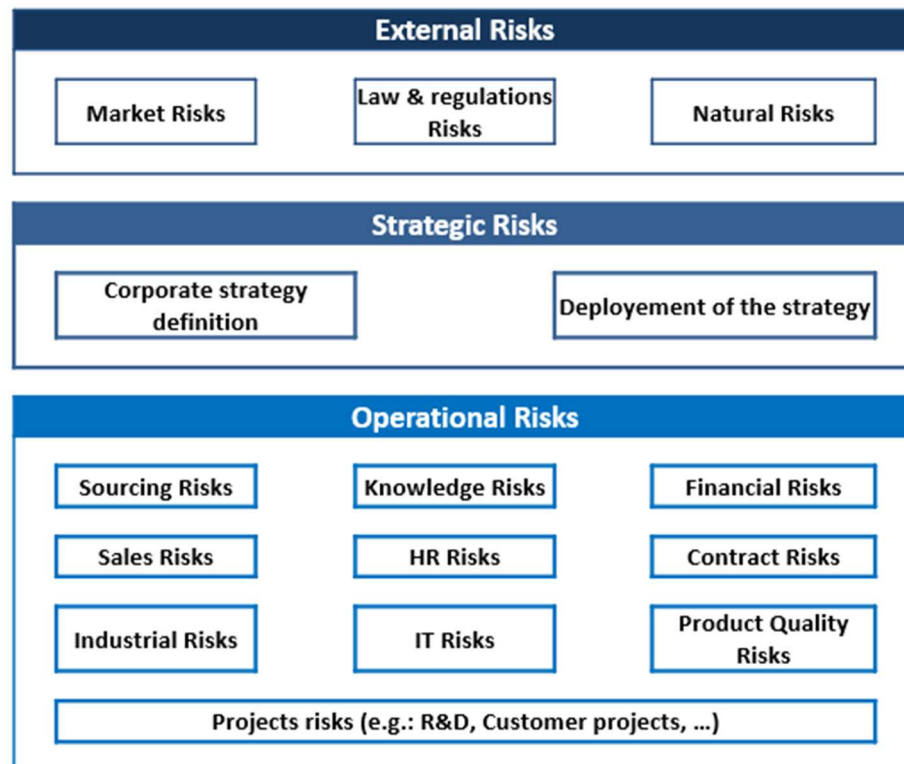
KROHNE plans and implements actions to address risks and opportunities.

Risk-based thinking is necessary for achieving an effective quality management system.

Risk is an uncertain event or condition that, if it occurs, influences at least one objective and any such uncertainty can have positive or negative effects. Objectives have various aspects such as financial, health & safety, environmental etc. and can apply at different levels either locally or organisation-wide (strategic, project, products, and processes).

All activities of an organisation involve potential risks whether financial, compliance, reputational, or operational related.

KROHNE Risk Categories:



Addressing both risks and opportunities establishes a basis for increasing the effectiveness of the quality management system, achieving improved results, and preventing negative effects.

Opportunities can arise from a situation favourable to achieving an intended result for example, a set of circumstances that allow the organization to attract customers, develop new products and services, reduce waste or improve productivity. A positive deviation arising from risk can provide an opportunity, but not all positive effects of risk result in opportunities.

Risk assessment is the overall process of risk identification, risk analysis and risk evaluation.

KROHNE's risk management methodology involves the all-important stages of identifying, analysing, evaluating, treating and monitoring the risks. This methodology is applied at several different levels throughout the structure- at a corporate level, company level, process level, right down to project level.

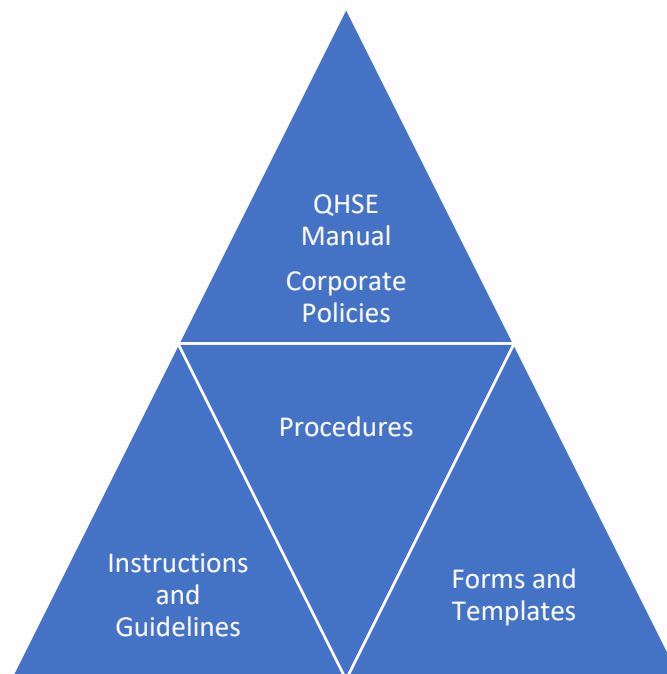
4.5 Document Structure

KROHNE Group QHSE Manual and Corporate Policies are at the top of the documents structure and form the corner stone of the strategy and relevant objectives.

Procedures are a functional description of activities and responsibilities involved in each process step.

Instructions and Guidelines are for internal use only. Instructions describe how certain specific activities within a related procedure must be carried out. On the contrary, guidelines are optional and mainly describe good practices.

Forms & Templates may be for internal or external use. A form or template is a document to be filled out (either manually or on the computer) and is compulsory when stipulated in a procedure.



Documents established and maintained locally must comply with the following:

1. Laws and regulations
2. KROHNE Group Policies
3. KROHNE Corporate documents
4. Requirements of specific applicable standards
5. Goals of the local organisation

5 Resources

5.1 Human Resources

Maintaining efficient human resource management throughout the KROHNE group is essential to contributing to our company's growth and to ensuring that we remain a purpose-driven, sustainable and high-performing organization. KROHNE has implemented corporate guidelines and policies in order to harmonize human resource standards, and to offer support for our core business throughout the group.

5.1.1 Personnel administration

As a family-owned company KROHNE considers employees world-wide as family members and as its most important asset. Effective human resources management throughout the group is crucial in nurturing and supporting this extended family by fostering a positive work environment through substantial employee-employer relations.

5.1.2 Recruitment

KROHNE wishes to distinguish itself as an Employer of Choice offering attractive job opportunities. KROHNE International Job Portal supports the recruiting process across the entire KROHNE Group. The Job Portal is accessible via the front page of our website (www.krohne.com) and allows visitors to view KROHNE job offers worldwide. It is also a means of facilitating staff movement within the KROHNE group.

An important part of our recruitment process is the employee integration plan. As well as presenting our company's history, vision and values, the employee is provided with an overview of each department as well as a basic information package covering important subjects such as products and services, company rules, benefits, health and safety.

5.1.3 Career Development

Our employees are our greatest asset and at KROHNE we encourage both creativity and ambition. We recognize the values, competence and knowledge which are valuable to our company's vision and to contributing to our technological excellence. Our performance management ensures that continuous learning is supported and that interesting career opportunities are offered, meaning that professional and personal development are nourished and come to the fore. At KROHNE our employees are not just considered as job holders but as individuals offering diversity and commitment to the KROHNE "family".

5.1.4 Competence Training and Awareness

At KROHNE we recognize the importance of training to strengthen our knowledge.

A great deal of importance is given to training our sales-team worldwide. Outside and inside sales teams benefit from regular in-house and inter-company training sessions on our product-portfolio and technical knowledge.

In some cases, a mentor is appointed to provide tutorship for a new arrival on his learning curve.

More generally training needs are assessed during the annual assessment and all staff are encouraged to improve their knowledge and skills by taking part in external courses and internal training sessions specific to their field of activity.

As well as "live" in-house instruction KROHNE employees benefit from an e-learning platform and webinars covering a wide range of subjects specific to our products and business.

5.1.5 Ethics

KROHNE is committed to conducting our activities with respect of universally held ethical and social values and to pursuing fair and responsible business practices. The values which we uphold regarding integrity, honesty and respect for human dignity have been described in several corporate documents listed below which are applicable to our subsidiaries and joint ventures world-wide. Furthermore, these

principals are transcribed in an awareness course which employees worldwide and at all levels of the structure are required to complete.

KROHNE's Code of Conduct for Corporate and Social Responsibility

This document outlines our basic understanding of social responsibility, clean business practices and other core principals which are in alignment with the human rights stated in the charter of the united nations and in ISO DIS 26000

KROHNE'S Business Partners Code of Conduct & HSE Suppliers Policy extends these core values to our partners and suppliers.

KROHNE Gift policy

In order to protect our reputation and our values we have established a policy for what is acceptable and non-acceptable in terms of gifts and hospitality. This gift policy ensures a transparent code of conduct for what is tolerated and expected of our employees and business partners alike as well as providing a guideline on sensitive subjects such as bribery.

5.2 Finances & Controlling

KROHNE's financial and controlling activities are managed at both local and corporate level

Local Finance & Controlling

The accounts department of each KROHNE company is responsible for maintaining the company's balance sheet and for providing the local manager with complete and accurate financial data and reporting.

Each manager prepares and provides the KROHNE Group corporate financial department with:

- Weekly cash flow reports
- Monthly financial reports
- Annual financial statements established under local commercial law and KROHNE Corporate financial rules.

Furthermore, this department is in charge of all daily accounting activities (client evaluation & payments, supplier accounts, cash flow, employees' expenditure ...)

Corporate Finance & Controlling

KROHNE's chief financial officer initiates and monitors each KROHNE company's annual budget as well as the KROHNE Group budget.

He consolidates and analyses the monthly data received from all KROHNE companies and establishes monthly consolidated results and reports.

As a member of the board of directors the CFO actively participates in decisions regarding KROHNE's main investments and acquisitions

His department is also responsible for the cash flow management of the KROHNE Group.

Audits

Annual audits of KROHNE companies' financial statements and reporting processes are carried out at both local and group level. The audit validates KROHNE's financial performance and position as well as allowing to identify any need for improvement in our controls or business processes. The commissioned, external auditing companies must be approved at a corporate level.

5.3 Information & Technology

Information technology is the backbone to any successful business.

KROHNE's innovations, daily business and development are dependent on the reliable performance of its global IT system. Highly available, operational platforms along with robust communication and interaction are indispensable.

KROHNE Group IT department ensures the provision, maintenance, and improvement of the IT framework for KROHNE companies worldwide.

KROHNE Group IT departments' activities (corporate and local) comprise:

- IT Service development
- IT Service Operation
- IT Service Governance

5.3.1 IT Service Development

Managing users' demands and driving implementation of new solutions/services or changes on existing services according to:

- Change management processes
- Project management procedures

5.3.2 IT Service Operations

- Ensuring operation of existing IT services comprising:
- Incident management
- User management
- System management (updates, bug fixing, ...)
- Service level agreements

5.3.3 IT Service Governance

- IT equipment
- Information security
- System access Authorization
- IT Infrastructure standards
- IT Strategy
- Enterprise architecture (Applications and Infrastructure)

5.4 Marketing and Communication

It is no secret that every successful business relies on an effective Marketing Process involving the researching, promotion and commercialization of its products and services.

At KROHNE we see the importance of maintaining our reputation in a highly competitive market and of maintaining a sustainable and trustworthy relationship with our customers and we have therefore implemented a marketing strategy beginning at a corporate level to develop our growth and satisfy our customers.

5.4.1 Strategic Marketing

KROHNE Strategic Marketing, which includes Product Management, spans across all activities of our product groups and ensures that they are well coordinated and in accordance with the company's strategies. KROHNE Strategic Marketing involves market positioning of the various products and establishes and updates the product roadmap for the entire company.

Market and competitor observation and analyses for the strategic orientation of the company come under the responsibilities of this department. KROHNE Strategic Marketing has therefore an important role in supporting the board of directors and general managers in defining and implementing the company's strategic goals.

5.4.2 Operational Marketing

In cooperation with Strategic Marketing, KROHNE Operational Marketing is responsible for marketing communication activities. As well as supporting our sales organizations they have the challenging task of developing global marketing tools and content which effectively demonstrate the value of our

products and services, enabling KROHNE to maintain our position as a world-leading manufacturer and supplier of solutions in industrial process instrumentation.

Today's rapidly developing technology provides the opportunity to extend our reach to a larger audience via a wide variety of external and internal communication tools:

Digital media

KROHNE Group web portal gives an insight about our company and business as well as offering multiple features such as below:

- A home page in the language of the selected country.
- KROHNE Academy - on-line training in five languages for the process industry,
- Download centre – online access to KROHNE's technical library including documentation, software, videos and certificates,
- Job portal providing world-wide job opportunities,
- KROHNE contacts and representatives per country worldwide,
- Customer platform PICK (Product Information Centre KROHNE) giving order-specific data and product information.

Social media

Social media allows us to communicate directly with customers and end users as well as to track and monitor our business. Accessibility via social media platforms (Facebook, LinkedIn, Twitter...) is an essential feature of our operational marketing in today's fast-communicating world.

Internal communication channels such as KROHNE intranet "SharePoint" business meeting tools and discussion platforms (Skype, Teams, Yammer) allow global interaction and information exchange between companies.

6 Operations

6.1 Design and Development

6.1.1 Product development Process

KROHNE's (PRISM) Development Procedure provides a framework for the design and development of new products and new product features. These developments are organised in projects and the procedure determines the processes, phases, and deliverables according to each project type and the related tasks and responsibilities of those involved. Rules are defined for each development step from project initiation and approval stages right through to prototype realisation, validation, and product launch.

Several sub-processes (mechanical design, hardware design & verification, product validation...) are described in additional dedicated procedures.

6.1.2 Product compliance

To ensure the compliance of our products with external approvals and mitigate the risks linked with product quality and law & regulations, KROHNE has implemented several procedures and guidelines. Our approval management procedure defines tasks and processes required for integrating various approvals into the design of our instruments (PED, ATEX, MID, medical device...) It also outlines the scope of responsibilities of KROHNE safety experts who possess detailed knowledge of the directives and approvals for the country or region concerned by our products.

Furthermore, we ensure that our instruments are compliant with environment regulatory requirements and standards such as ROHS, REACH & WEEE as defined by the internal dedicated guidelines.

6.1.3 Eco-design

KROHNE Eco-design guideline further demonstrates our responsibility for the complete life cycle of our products by laying down rules for implementing Eco-design into our product development and by encouraging environmental-friendly practices as a way of thinking.

We strive to anticipate the evolving compulsory regulations as well as market demands in order to continually ensure the compliance of our product portfolio.

6.1.4 Design & Process Change

Considering the potential impact of changes to the design of any of our products KROHNE has furthermore implemented a Design Change Procedure. The procedure provides a guideline for any modification to the design of released products: mechanics, electronics, or software and to special related production processes (calibration, welding, gluing...) The integrity of product functionality and compliance to specific approvals as well as to customer requirements are therefore safeguarded.

6.2 Sales

Recognizing the expansion of our business into a global market KROHNE's sales structure has developed from a single line organization into a matrix organization. We have grown from a product provider to a main instrumentation vendor (MIV) and solutions provider delivering everything from individual components to complete measuring systems and accompanying services. Our international client-focused organization, spanning over regions and local sales companies, comprises strategic project and specific industry divisions as well as key account management meaning we can provide solutions for the process industry at every level. Maintaining flexibility in our local sales organization allows us to respond to and adapt to local needs.

6.2.1 Type of business

Product Daily Business

In this expanding global context, we do not however neglect the importance of our daily business. Day to day product sales remain an important part of our business.

Expert inside sales teams and outside sales force, along with integrated software tools and a single logistics system between all companies, optimize our customer response and delivery times. At KROHNE we run an efficient daily business.

Private label and OEM

KROHNE products are also retailed via Private Labels and OEM (original equipment manufacturer) throughout a wide range of industries world-wide ranging from food to cosmetics. Products are customized specifically for these customers and a dedicated team, operating globally provides commercial and technical support.

Project Handling

KROHNE has developed a wide experience and expertise in the management of Standard, Nuclear and Capital Strategic (CSP) projects. To satisfy the increasing demand of large-scale national and international projects KROHNE has implemented several corporate processes for supporting the acquisition and execution of complex customer bids and purchase orders. The project process is an integral part of our entire business cycle and these documents aim to optimise handling of customer projects therefore limiting risks and improving satisfaction for our client. KROHNE Customer Project Procedure and KROHNE Commercial Handbook both define clear guidelines for each phase of the project process from evaluation, quotation & clarification stages through to manufacturing, closing and site commissioning.

There is a specific focus on EPC and capital and strategic project management as our end-users shift towards outsourcing to EPC and project contractors.

Projects are handled at two levels: either by local sales units' project teams or at a corporate level by KROHNE Strategic Project division. In both cases they are managed in collaboration with production factories specifically assigned project teams.

Solutions

For over two decades KROHNE has been delivering system solutions for the Oil & Gas and Marine industries. As our scope of supply continually expands to match customer demand, our ambitions evolve to providing complete turnkey measurement solutions for specific industrial applications. Whether it be single measuring points, engineered solutions for process control and automation or

complex skids, we take responsibility for the whole project lifecycle. For this purpose, KROHNE SOLUTIONS, a dedicated part of our organisation, has been founded allowing us to streamline our system solutions activities globally and for all industries. These cover:

- Flow metering solutions (Metering skids, control systems, analyser solutions)
- Monitoring solutions (Process monitoring, analysis, validation and supervisory)
- Wireless and remote metering solutions (Remote data transmission for special applications)

Services – Refer to §6.4

6.2.2 Route to market

KROHNE offers products and supporting services for one-stop-shopping and we have developed multiple sales channels in order to provide THE solution to suit each and every client across all industries.

eShop

A selection of our products including measuring devices, accessories and spare parts is available via our online store. Customers can visit KROHNE eShop and purchase from anywhere at any time using a web browser on a mobile phone or a laptop. <https://eshop.krohne.com>

Direct Sales

Our customers are our priority, and our aim is to bring them good value and total satisfaction. We privilege B2B sales through our dedicated inside and outside sales teams knowing the benefits it brings to our customers.

Channel Partners

KROHNE has developed a Channel Partner Strategy in sales areas where either, we have no local sales office, or where our channel partner has a strong footprint in the targeted market. Selling our products and services via a Channel Partner therefore increases our span in specific markets, countries, or regions and both parties benefit from this partnership.

EPC

Engineering, Procurement and Construction (EPC) have a major role in KROHNE's project business. Our dedicated and highly competent project teams executing Standard, Nuclear and Strategic Projects are trained to meet the challenging technical and documentation requirements of our EPC clients.

6.2.3 Supporting functions and tools

Both our worldwide sales teams and our customers can benefit from the support and knowledge of experts within KROHNE'S own organisation:

KROHNE Global Industry Division (G.I.D.) focusing on specific industry needs and processes (Nuclear, Chemical, Water, Food & Beverage...) provides a competence centre for the benefit of our customers. Each specific industry division provides concentrated know-how and long-standing expertise in its field.

Global Account Management, as part of KROHNE's Global Industry Division enables KROHNE to respond more effectively to the business needs of large and complex customers on a regional or global basis. It considers KROHNE's sales channels, products, systems and services and matches them precisely to customer needs.

Reliable and highly performing tools and software are an essential part of every successful business. KROHNE's sales administration relies on two main software solutions:

CRM (Customer Relationship Management) provides a single data base for client information and contributes to our success at acquiring tenders.

ERP (Enterprise resource planning), covers all our business processes, optimizes order handling and productivity, and provides a connecting platform between sales and production companies. This tool

acts as a support for sales teams and ensures that the correct instrument is selected for the required specification and intended use.

Other software tools and features such as KROSS, KROVASEL and SALESAPP contribute to our successful sales handling.

6.3 Operations and Logistics

6.3.1 Manufacturing

KROHNE has implemented six lead factories which are centres of excellence (design & manufacturing) for a specific technology (Mag and UL Flowmeters, Coriolis, Analytics VA & Vortex Flowmeters, Level, Pressure, Temperature).

To ensure customer proximity, reduce delivery times and provide better services, KROHNE has developed production sites on each continent with latest major investments in RUSSIA and USA.

Whatever the factory's location KROHNE uses identical design, specifications, and manufacturing processes to guarantee the same level of quality. Additional features and related certifications to meet local market demands can be delivered more easily.

Multisite production also reduces risks in the case of any major industrial accident (fire, earthquake, flooding...)

Even though KROHNE's portfolio contains over two hundred instrument types, each with multiple features and options we have the capability and willingness to adapt our design and manufacturing processes to fit our customer's specific needs. Our product configurator allows us to build "special" instruments which requires our engineering teams to prepare a special design, bill of materials and routing plan.

Our day-to-day business is based on make to order and one-piece flow methods.

6.3.2 Calibration

As a leading manufacturer in its field KROHNE demands the highest reliability and accuracy of its instruments and solutions. The final step in the quality assurance procedure is calibration where each meter is individually calibrated on a dedicated rig. KROHNE's world-wide calibration facilities include a large number of specific rigs fully traceable to national and international metrology standards and boasts the largest calibration towers in the world for the calibration of electromagnetic flow meters. Several production sites using piston provers, calibration towers, weight scales... are accredited according to ISO/IEC 17025 (Brazil, China, India, Netherlands, UK)

During manufacturing the different calibration constants are determined. These values are documented on the flow meter's nameplate.

In a second step calibration determines the instrument errors in comparison with the Master. The results are recorded on a calibration certificate as well as being stored in a data base made available under the section PICK on the KROHNE web page.

6.3.3 Welding

In addition to calibration, welding is one of KROHNE's core processes. Our welding quality lives up to the highest international standards and we are certified according to ISO3834-2, AD2000 HP0, DIN2303, the highest PED module H and ASME N-stamp.

Our welding procedures and welder operator qualifications comply with all major welding codes. These include ISO, DIN, AD2000, ASME and API, as well as many additional client specific requirements such as RCC-M, NORSOK, STATOIL, SHELL, BP, GASUNIE, FLUXYS, SAUDI ARAMCO, MAERSK, to mention a few.

Our multiple welding processes, varying from standard GTAW to laser beam welding and everything in between, have a high grade of automatization, are calibrated annually, and are closely monitored by certified professionals. Automated software systems help create uniform welding documents and determine the scope of non-destructive testing. To further improve our welding competences and processes an international team of welding specialists, led by certified International welding engineers, work together continuously.

6.3.4 Automation and Paperless Factory

Continually striving to become a more reliable partner for our customer and spurred on by the global transition towards industrial digitization, KROHNE sees the importance of Industry 4.0 and the advantages it brings to our clients, to our company and to the environment. The digital transformation of our processes and working towards a paperless factory is an ongoing project at KROHNE involving every step in the production process. Each step in this process is recorded and monitored allowing instantaneous and accurate digital information leading to fewer errors, increased efficiency, less waste and ultimately to better customer satisfaction. The platform is designed in such a way that new databases can be gradually connected, and the increased amount of easily available data gives production engineers more insight and therefore better tools for optimising processes.

6.3.5 Warehousing

Automation and Paperless Warehousing is a vital part of our processes and comprises a wide range of activities including raw-materials-handling, storage, inventory management, and movement of goods between locations. KROHNE factories world-wide use a single logistics ERP system. This simplifies the complex process, maximizing our warehousing efficiency contributing to improved productivity and more importantly reduces customer delivery time. It also means that factories on any one continent can ship directly to clients located in other countries.

6.3.6 Nuclear

KROHNE has been producing measuring devices for the nuclear industry since the early 1980's and has long standing expertise in this market. Our measuring devices are installed in all sectors ranging from nuclear power plants and research reactors to plants involved in the complete fuel cycle.

Therefore, we have implemented dedicated quality management systems to comply with international standards and to meet the high requirements of our customers in this sector.

All relevant approvals and certifications for design, manufacturing and testing of instrumentation (e.g., ASME Section III, RCC-M) are available.

Additionally, KROHNE can deliver qualifications and test reports according to IEEE 323 and RCC-E for safety-related applications. KROHNE Nuclear Division comprises dedicated Nuclear project teams working in collaboration with specialist teams of engineers and technicians to provide the appropriate solutions for nuclear process applications worldwide.

With the highest consideration for the safety requirements of this sensitive market KROHNE has implemented a Nuclear Safety Culture Policy as well as an internal Nuclear Safety e-learning applicable to all personnel involved in nuclear products and services in KROHNE companies and joint ventures world-wide.

KROHNE C.F.S.I. (Counterfeit, Fraudulent & Suspect Items) prevention procedure defines further measures for handling products and services important to nuclear safety (ITNS).

6.3.7 Supply Chain

KROHNE engages in working only with well-established, certified (ISO or equivalent), and reputable suppliers for the procurement of material supplies, subcontracted activities and services.

Furthermore, we are conscious of the growing necessity to ensure that our supply chain is not only compliant with regulations and market expectations, but also that it is free of misconduct, respects human rights and uses sustainable sources and resources.

6.3.7.1 Supplier Selection and Evaluation

Our supply chain includes manufacturers of components, sub-assemblies, raw and finished materials for final assembly in our factories. Main components are either produced in our factories or sourced from subcontractors according to our drawings or specifications.

Monitoring our suppliers is a necessary means of controlling our supplies to ensure the highest quality, on time delivery and sustainability. A list of approved suppliers is established and maintained by the purchasing and/or QA department in each factory based on supplier evaluation and performance in terms of product quality and on time delivery (OTD).

Supplier rating is also based on the continuity of required certifications (PED, ATEX, ISO14001...). KROHNE selectively carries out audits on suppliers' premises to verify compliance with regulatory standards and design specification by skilled auditors.

With the widespread of CFSI (Counterfeit, Fraudulent & Suspect Items) in all supply chains KROHNE has implemented a prevention procedure to specifically address this issue. The purpose of this procedure is to define a CFSI verification strategy, and to implement and maintain appropriate measures which enhance KROHNE's Quality Assurance Management System to ensure that it meets the necessary standards in preventing counterfeit products and associated documents.

6.3.7.2 Sustainable Procurement

Our suppliers are required to endorse KROHNE's Business Partners Code of Conduct and HSE Suppliers' policy.

In response to US and European legislation regarding conflict minerals (US Dodd-Frank Act 2010 & EU regulation) KROHNE acts in due diligence by abstaining from purchasing minerals 3TG in conflict countries and by ensuring that our suppliers engage in responsible sourcing of minerals. Likewise, we demand of our suppliers to oblige legal obligations by completing a declaration of substances in supplied articles in compliance with the REACH Regulation (Registration, Evaluation, Authorization of Chemicals).

6.3.8 **Logistics & Export Control**

KROHNE's success is based on export to countries world-wide. We deliver high quality products for almost all industries including sensitive industries such as nuclear, marine and military.

Export control focuses on exports which could justify a potential security or foreign policy risk. In addition to the goods-related and usage-related control of goods, the goods receivers and end-users are subject to a review.

Export control aims to:

- prevent the proliferation of conventional weapons and weapons of mass destruction.
- avoid intensifying crises and disruption in conflict areas or contributing to violation of human rights.
- enforce the embargo resolutions of the UN and the EU.

Committed to conducting ethical business practices and to promoting international security, we consider it is our duty to secure the end use of our goods, technology and software.

Further to adhering to national, supranational (EU) and extraterritorial export control and dual-use regulations (USA), KROHNE has defined its own compliance program. The program includes KROHNE Export Compliance Policy and an associated E-learning.

In addition to compliance software, KROHNE's single logistics system between all companies enables complete tracking from the customer order to the production order, allowing further control of goods' receivers and end-users.

6.3.9 **Facilities and Site compliance**

KROHNE's QHSE policy is not limited to our products but is also site orientated and we aim to ensure that our production and sales companies meet with the various legal requirements and ISO standards (9001, 14001, 45001).

6.4 **Services**

KROHNE is committed to supporting our customers with excellent pre and after-sales service and to guaranteeing the function of our products by not only delivering high quality instruments, but also by providing services along the entire product life cycle. These include, but are not limited to, start-up, commissioning, diagnostic, repair and maintenance by qualified service engineers. Whenever possible, KROHNE Service promotes the re-usage of existing material with the aim of contributing to sustainability.

6.4.1 Safety considerations for service / repair organizations

The health and safety of our service personnel is the number one priority. All service and repair employees shall be regularly trained in and reminded of the importance of Health & Safety in their daily jobs. Any incident regarding Health & Safety affecting any service employee shall always be reported and followed-up by the local organization and, ideally, also reported at global level.

In addition to the standard safety trainings, guidelines and risk assessments available at the local KROHNE organizations, service personnel have usually to undergo safety assessments at the customers' sites prior to an on-site service visit.

6.4.2 Commissioning, Maintenance & Verification

KROHNE supports our customers with highly skilled personnel who have extensive product and customer process application knowledge. Experienced engineers carry out all aspects of instrumentation commissioning, including function checks to final handover of instruments on-site. On-site verification using purpose-developed tools (e.g. Opticheck) is another service provided by KROHNE

6.4.3 Calibration Services

Most industries have multiple measuring points (flow, pressure...) as an integrated part of their processes, which need periodic verification. KROHNE proposes service agreements for on-site verification or wet calibration on our premises. On customer request, instruments can be recalibrated on purpose-built flow rigs at the nearest production facility. Additionally, KROHNE has designed mobile calibration units for on-site verification and calibration of meters reducing downtime for our clients.

6.4.4 Customer Training

KROHNE offers several types of customer training based on our products and solutions:

- **On site instruction** by a KROHNE expert either on customer premises or at the nearest KROHNE sales or production facility.
- **KROHNE Academy online** is an audio-enhanced learning platform, offering a variety of web-based training. The platform is free of charge and easily accessible as the content has been optimised for mobile use. Courses are open to anyone interested in learning more in the area of industrial process instrumentation. The learning content includes modules on basic measuring principles and the basic physical foundations on which our technology is established. It moves on to interpretation, advantages, and limitations and finally applications and industries where the relevant measuring principal applies. Learners can validate completed courses and achieve a certificate of completion.
- **KROHNE Webinars**, initially introduced for internal use are now available externally. KROHNE Academy online hosts live seminar sessions on industry related topics such as Water & Wastewater, Oil & Gas, Functional Safety (SIL) and many more, offering audiences the opportunity to improve their experience and knowledge.
- **KROHNE online Planning Tool** available via our website: <https://planningtool.krohne.com> is specifically tailored towards the needs of system planners in the water and wastewater industry. The tool provides quick and easy access to all important information when setting up and designing measuring points. The user can easily configure the device and receives comprehensive planning reliability. Furthermore, the tool can be used efficiently to create and save information such as tendering texts, data sheets, operating instructions, and CAD drawings. Not only does the planning tool speed up the planning process; it also contributes to a substantially more harmonious system.

- **PICK (Product Information Centre KROHNE)** is a continually updated solution that offers our customers a platform for downloading device-specific information, thereby providing an excellent customer experience.

7 Performance evaluation

KROHNE continually pursues to improve the performance of our QHSE Management System. Along with Security and Environment, Quality is an essential lever of performance as well as being a lasting and indissociable pillar of sustainable development.

7.1 Monitoring and Measurement of Processes and Services

7.1.1 Key Performance Indicators and reporting

KROHNE uses KPIs (key performance indicators) at a multilevel to monitor and measure processes. As well as financial reporting, performance objectives for sales, production and support services are evaluated.

A monthly corporate cockpit allows an overview of KPI such as on-time delivery (OTD), Product Failure Rate, Order income, EBIT etc.

Each company defines additional KPIs to monitor its processes.

Twice a year, H&S indicators (accident, first-aid, injury rates...) are consolidated for the KROHNE Group. Particular attention is paid to hazardous substances (e.g.: CMR, SVHC) and a dedicated reporting is requested of each factory.

Occupational accidents (above 3 days lost) falling within the scope of the escalation procedure, must be reported immediately to corporate management also.

Each KROHNE company, in response to ISO14001 implements dedicated environmental indicators in relation with activities and impact analysis.

Corporate annual sustainable development reporting provides a benchmark and an overall view of the KROHNE Group environmental impacts, health & safety achievements and ethics practices.

7.2 Customer Satisfaction

We strive to enhance customer satisfaction by meeting customer requirements.

Customer surveys are carried out periodically via our sales organizations and KROHNE representatives worldwide to measure the satisfaction of our clients.

7.2.1 Intra-Group Customer Satisfaction Survey

The customer survey means we can evaluate both our production companies and our products via a quantitative and qualitative analysis. It is a means of identifying our strengths and weaknesses and consequently defining action plans to improve both our processes and our product portfolio.

7.2.2 Customer Complaints

Customer complaints are recorded by means of a common software tool. This allows for a comprehensive analysis on different axes (instrument type, factories, processes) and indirect evaluation of our customers' satisfaction.

7.2.3 Internal Audits

Each KROHNE company conducts internal audits to ensure that the QHSE system is correctly applied.

The local Quality Manager selects auditors who receive adequate training and certification to enable them to carry out their task.

Audits shall take into consideration the status and the importance of the processes and the areas to be audited, as well as the results of previous audit and results of risk assessments. Audits shall be carried out with a maximum periodicity of 2 years or less if there are specific requirements.

Findings are recorded in an audit report and followed up by establishing improvement notes and implementing preventive/corrective actions.

Furthermore, corporate audits are organised by the Senior Vice President QHSE in KROHNE Sales and Production companies and joint ventures worldwide, as well as main suppliers.

7.3 Management and Process Review

7.3.1 Corporate review

Management review takes place at a corporate level at least once yearly. Each corporate process owner supported by Senior Vice President QHSE reviews KROHNE's quality management system to ensure its continuing effectiveness and alignment with the group's strategy. The review includes an evaluation of the application of corporate policies and procedures in KROHNE companies and joint ventures.

7.3.2 Local management review

Each KROHNE company conducts an annual management review lead by the general manager. The review includes assessing risks and opportunities for improvement, analysing objectives and performance indicator results regarding customer satisfaction, quality, the environment and occupational health and safety. The scope of review depends on external certifications, accreditations and legislations (including EU Directives) to which KROHNE products conform. The review must cover the elements required by the applicable standards.

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