

**GÜHRING**

# **Sustainability Report of Gühring KG**

Financial year 2021



## About this report

Gühring is an innovative company in the field of precision tools. Sustainability plays a central role for us. For this reason, this report presents our values, services and targets for a sustainable corporate strategy; it also highlights and documents our commitment within Gühring to a sustainable global economy.

This report complies with the guidelines of the **Global Reporting Initiative (GRI)** and has been prepared in accordance with GRI standards: core option. It is divided into four action areas: “Strategy and Management”, “Products and Customers”, “The Environment”, “Employees and Society” and contains the financial and non-financial key figures required by GRI, which measure Gühring’s sustainability performance. When selecting reporting principles of materiality, sustainability context, completeness, balance and stakeholder inclusiveness. Moreover, there are no significant changes compared to the previous year’s report. The previous Sustainability Report 2020 was published in June 2021.

The complete GRI index is in appendix to the report and provides an overview of all relevant information on compliance with the GRI indicators. Unless otherwise indicated, the information in this report relates to the 2021 financial year (January 2021 – 31 December 2021) of Gühring KG.

The Gühring KG CSR report is available in German and English. In case of doubt, the German report is authoritative. The report is published annually. If you have any questions or comments, please contact the Sustainability Officer ([nachhaltigkeitsbeauftragter@guehring.de](mailto:nachhaltigkeitsbeauftragter@guehring.de)). Unless stated otherwise, all information in this report relates to Gühring KG. The key topics identified from the materiality analysis in dialogue with the stakeholders form the focus of the report and define the reporting limits. This report is not audited externally.

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**GRI 102-54, GRI 102-55, GRI 102-49, GRI 102-50, GRI 102-52, GRI 102-53, GRI 102-10, GRI 102-45, GRI 102-46, GRI 102-56**



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# Introduction **Gühring** Organisation

Message from the Executive Board  
Key sustainability figures



## Introduction Gühring Organisation

Message from the Executive Board  
Key sustainability figures

**Dear Sir or Madam,  
dear valued business partners,**

sustainability is the buzzword of our industrial age. But what does this mean for us as a manufacturing company? Sustainability means that we take responsibility towards our customers, employees and society as a whole. That we orientate our success towards the long term, never losing sight of our values and ethical principles and also gauge the entire value chain accordingly.

Sustainability means backing new technologies. Our tools are an integral part of the production process for power generation by wind or hydropower. And as one of the largest carbide producers in the world, we see it as our duty to recycle primary raw materials and thus protect them. The recycling share of our carbide is already over 65 percent.

We also act sustainability beyond the production of our actual products. In 2021, we launched sustainable packaging. The packaging is made from a special type of plastic made from 100 percent recycled plastic waste. This makes Gühring the first German tool manufacturer to use recycled material for its packaging thereby saving 234 tonnes of newly produced plastic every year.

Sustainability also means following up analyses with action. Energy use is monitored at all our sites, key consumers are defined and savings potential is determined. Thanks to various energy-saving projects and raising awareness among our employees, we were able to reduce our electricity consumption by almost ten percent despite increasing output.

Sustainability means taking the much invoked digital transformation seriously. With Gühring software, not only can materials planning and inventories be optimised but above all machine data can be read out. This enables us to optimise the process so that time and energy consumption are reduced. Thanks to the continuous improvement of our tools' performance, our customers are able to produce faster, cheaper and, last but not least, with much cheaper energy and less resource consumption.

Sustainability means looking into the future. We are playing an active role.

Sincerely  
**Oliver Gühring**

GRI 102-14



**Introduction Gühring Organisation**

Message from the Executive Board  
Key sustainability figures



**GÜHRING**

**0**

fatalities or serious injuries



**2377**

employees of Gühring KG



**CERTIFICATIONS**

DIN EN ISO 9001  
DIN EN ISO 14001  
DIN EN ISO 45001  
DIN EN ISO 50001  
VDA 6.4

**100.000**

Articles in the standard programme

**187**

Apprentices

Assuming regional responsibility means setting ourselves up for the future.

S.32 / Employees and society

Environmental thinking and action and taking responsibility are fundamental elements of Gühring's corporate policy.

S.26 / The environment



**77,2%**

of procurement budget allocated to local suppliers

**79%**

Covered by collective agreements

**NEW CARBIDE GRADE**

made from

**100%**

recycled material



**81%**

of our strategic suppliers have signed our sustainability policy

**21%**

Not covered by collective agreements



# Strategy & Management

- 1.1 Company profile
- 1.2 Corporate policy
- 1.3 Corporate governance & compliance
- 1.4 Sustainability management
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- 1.6 Opportunity and risk management





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### 1.1 Company profile

Gühring KG, referred to in this report as Gühring, is one of the world's leading manufacturers of precision rotary cutting tools. From its headquarters in Albstadt, Gühring has developed from a manufacturer of twist drills into one of the world's largest full-service providers in machining technology since its founding in 1898. Gühring has now been owner managed for four generations. With 2377 employees, the company develops, manufactures and sells innovative cutting tools. Gühring is present in all major markets and key industries: customers in the automotive, aerospace and mechanical engineering industries rely on the leading-edge tools that are manufactured worldwide to the highest uniform quality standards. SME structures and flat hierarchies allow us to achieve long-term added value and act quickly.

#### The product range now includes:

- Drilling tools
- Milling tools
- Threading tools
- Reaming tools
- Grooving tool systems
- Countersink and deburring tools
- Deep hole drills
- PCD and PCBN tools
- Clamping fixtures
- Multi-function tools
- Special product lines

Gühring's main production plant is in Albstadt-Ebingen. Gühring operates a further three production plants in the Swabian Alb.

There are also facilities in Laiz, Berlin, Wahren, Mindelheim, Leverkusen, Ramstein, Neutraubling, Langenhagen, Markt Erlbach, Geislingen and Weinsberg.

Gühring has been manufacturing twist drills since 1898. Today, Gühring is one of the world's largest manufacturers of cutting tools and carbides of all kinds.

#### Our leadership structure is hierarchical

- Executive Board
- Division Manager
- Plant and Department Managers
- Area Manager and Team Leaders

Our Executive Board defines the company objectives and corporate policy. The responsibilities are defined in our organisational structure diagrams.

Our broad industry presence ensures our long-term economic viability. Not only do we have a future-proof presence in the key automotive, aviation and mechanical engineering sectors, but we respond to the requirements of the market, be it electromobility or changes in energy technology. In doing so, we respond to the differentiation of the markets with a differentiation of our products and our expertise.

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**GRI 102-1, GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-6, GRI 102-7, GRI 102-8, GRI 102-18**



# 01

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## 1.2 Corporate policy

As the world's leading manufacturer of precision rotary cutting tools, at Gühring we are aware of our responsibility towards our employees, our business partners, but also towards the environment and society. This awareness is reflected in our corporate policy. Gühring's corporate policy is based on two important objectives: the zero defect strategy and sustainable environmental protection. These objectives are therefore based on eleven core values, which are also reflected in this report:

- 01 | Quality
- 02 | Product / process development
- 03 | Responsibility
- 04 | Suppliers / services
- 05 | Resources
- 06 | Legal regulations
- 07 | Workplace safety and environmental protection and quality
- 08 | Employees
- 09 | The public / public authorities
- 10 | Code of Conduct
- 11 | Energy management

### Code of Conduct

Gühring follows the ten principles of the UN Global Compact. These highlight our obligation to comply with all applicable laws, but also the role that all employees play in responsible conduct.

We protect international human rights and, through our management systems, ensure that the company is not complicit in human rights violations. We also respect the freedom of association and recognise the right to collective bargaining. We reject all forms of forced or child labour and advocate the elimination of discrimination in recruitment or at work. We follow the precautionary principle in our interaction with the environment and promote greater awareness of the environment. We support the development of environmentally friendly technologies. As a company, we reject all forms of corruption, including extortion

and bribery, and counter them with internal audits.

As a company, we reject all forms of corruption, including extortion and bribery, and counter them with internal audits. With this, Gühring is contributing to the vision and mission of an inclusive and sustainable global economy for the benefit of all people, communities and markets, both today and into the future.

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GRI 102-16, GRI 407, GRI 408, GRI 409

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## 1.3 Corporate governance & compliance

Responsible and lawful conduct is an integral part of Gühring's corporate policy. Our Compliance Management aims to ensure compliance with the law and the integrity of all activities. Therefore, we of course undertake to comply with all existing laws and regulations.

For that reason, our compliance policy aims to ensure a high level of integrity and consistency and contains the fundamental requirements for the conduct of each individual. It is designed to help all Gühring employees by having all ethical and legal questions answered correctly and appropriately, while at the same time avoiding potential conflicts of interest. The guideline is a binding framework for all organisational units.

The guideline contains all essential information on corruption, social responsibility, human rights, non-discrimination, working conditions, workplace health and safety, environmental protection and conflicts of interest. People outside of the company are also able to view this guideline, as it is published on the Gühring homepage and Gühring can be assessed by third parties.

**GRI 102-16**

### Whistleblower system

If employees or other parties find themselves in a situation where they wish to report a possible misconduct that is not in accordance with the company's guidelines or with the law, there are various ways to make the company aware of this. At Gühring, we have a differentiated system for recording complaints or various forms of information. Misconduct should be reported to the Legal Department or the immediate supervisor. It is guaranteed that these reports can be made anonymously.

The matters are thoroughly investigated at Gühring and appropriate measures are taken if there is evidence that violations have occurred.

Retaliation of any kind will not be tolerated. All reports and all related information will be handled in strict confidence and, if requested, anonymously and will be stored confidentially.

**GRI 102-17**

### Approach to tax

Gühring does not have a defined approach to tax in writing. The Finance and Accounting Department is responsible for compliance with tax laws in close consultation with the appointed tax consultants. This applies in particular to income and profit tax types (here: business tax) and VAT. Different corporate divisions are primarily responsible for other tax types (e.g. payroll tax or customs duties).

The tax strategy should ensure that business decisions are not regularly made on the basis of primarily taxation considerations. If flexibility is permitted within the scope of voting rights, this is generally used to benefit Gühring within the framework of our social responsibility and in accordance with the applicable laws (e.g. degressive amortisation, dispensing with capitalisation of parts of production costs that are not subject to capitalisation).

Legally permissible leeway is discussed internally on the assumption of the above-mentioned prerequisites (legal leeway) and, if deemed applicable, is finally coordinated with the relevant tax consultants for the preparation of the tax return.

After the tax returns have been prepared by the appointed tax consultants, they are checked for correctness or plausibility by an employee of the Finance and Accounting Department. Before being sent to the tax office, written approval from the Executive Board is required.

The tax strategy should ensure that business decisions are not regularly made on the basis of primarily taxation considerations. If flexibility is permitted within the scope of voting rights, this is generally used to



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benefit Gühring within the framework of our social responsibility and in accordance with the applicable laws (e.g. degressive amortisation, dispensing with capitalisation of parts of production costs that are not subject to capitalisation).

The principle of tax honesty is of great importance at Gühring. Employees in the Finance and Accounting Department and from other company divisions regularly participate in training events and are urged to openly communicate information on possible required actions or even errors to the respective department manager or directly to the Executive Board. Special cases or cases of doubt are checked for possible tax consequences and discussed and agreed upon with the tax consultants.

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**GRI 207**

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## 1.4 Sustainability management

### Organisational anchoring of sustainability in the company

A wide range of sustainability aspects have long been anchored in our corporate policy. We are aware that sustainable action is a cross-cutting issue that is relevant to all areas of the company.

For this reason, sustainability management is part of the central quality management department. A sustainability committee was established for the first time this year in order to achieve and promote a targeted grouping of all key sustainability topics and all sustainability-related activities. Sustainability management was also expanded in 2021 to include a sustainability officer.

The sustainability officer chairs the sustainability committee.

The committee is made up of various representatives of the specialist departments. Reporting on the key topics is the sustainable committee's main task. The sustainability officer summarises these reports in the sustainability report.

The sustainability training for our employees was also held for the first time in the reporting period. A total of 272 of our employees took part in the training. The core contents of the employee training on the topic of sustainability are: the definition of sustainability, compliance, sustainable opportunities and risks, environmental and energy aspects, CO2 balancing, data protection and the topic of human rights. In future, all employees will complete the sustainability training annually via our internal training portal.

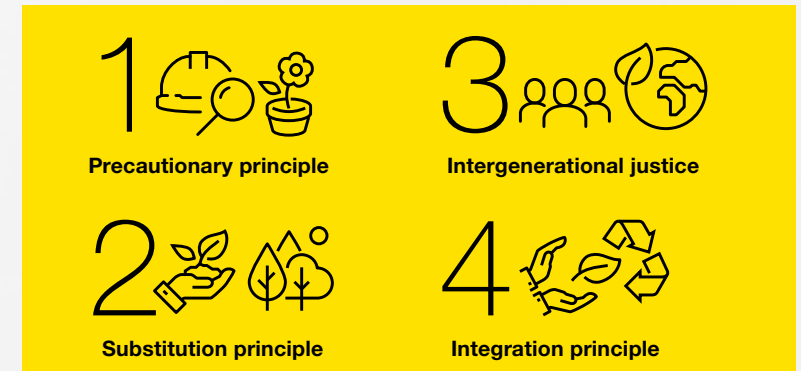
### Our sustainability approach

The principle of sustainability has always been part of Gühring's corporate policy. For us, environmental, social and economic issues part of our Code of Conduct, which is based on the ten principles of the Global Compact. Use of resources and environmental management in particular are crucial for Gühring's sustainability strategy. In our strategy, we ensure that our successful business model is designed in such a way that the opportunities and foundations for future generations are not neglected or jeopardi-

sed. At Gühring, sustainable business practices apply to all areas of the company. Environmental protection, but also social, legal and economic issues are addressed.

We are taking another step towards the global development of sustainability by defining our sustainability principles. These are the basis for our company's sustainability approach.

### Our four principles of sustainability



#### 1| Precautionary principle

Possible environmental impact and damage to the environment and people should be pre-emptively prevented or reduced as far as possible. Gühring follows precisely this principle when dealing with environmental and health aspects. Potential hazards are considered and assessed in a risk assessment. Despite the lack of certainty about the type and extent of damage, this allows possible damage to be avoided from the outset. The precautionary approach is therefore the basis of the decision for or against an activity in the company.

#### 2| Substitution principle

The following precept applies to non-renewable resources or harmful materials: always bear in mind and implement the substitution and replacement of these with environmentally friendly alternatives. Gühring has been following this principle for a long time: this principle is applied wher-



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ever hazardous substances and environmentally hazardous materials, for example, can be replaced by environmentally friendly alternatives.

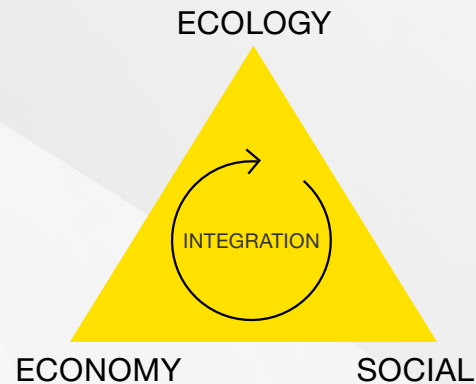
### 3| Intergenerational justice

The quality of the ecosystem on earth must be preserved for future generations. Intragenerational justice requires us at Gühning to think of the future generations and act in such a way that they have the same opportunity to have a functioning ecosystem as we do.

### 4| Integration principle

Environmental management aspects are included in the planning and implementation of economic measures. Conversely, social and economic aspects are also taken into consideration with regard to environmental actions. All considerations in the company follow this principle. We live the basic idea of sustainability in the three areas of ecology, economy and social responsibility. Only by incorporating all three areas in this way and thus integrating them can we abide by our other principles and thus make our contribution to sustainable development.

Our understanding of sustainability is therefore based on the following integrated sustainability triangle:



The integrated sustainability triangle implies three dimensions

- Economic sustainability: economic performance
- Ecological sustainability: protection of natural resources
- Social sustainability: social responsibility

The integrative character results from the internal interaction and the interdependence of all dimensions, which can be represented in all possible combinations. Therefore, the aim of a sustainable strategy is always to combine, integrate and at the same time consider all three dimensions.

GRI 102-11, GRI 102-18, GRI 102-19, GRI 102-20, GRI 205-2, GRI 412-2

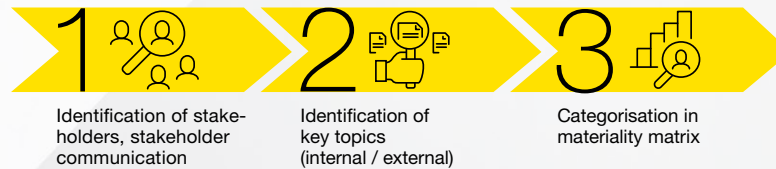
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## 1.5 Materiality process and stakeholder management

Gühring is in contact with the various stakeholders on a daily basis. For this reason, it is our aim to understand and act on their requirements and expectations. The first step of our materiality process was therefore to identify our stakeholders and the associated stakeholder communication. In the next step, we carried out a materiality analysis, which identified the key topics for the company and then presented them in an overview.



Our process for identifying the key topics is based on three steps.

### GRI 102-46

GÜHRING				
Company	Company and business partners	Government and politics	Interest groups in society	Capital market / financial market
Employees	Customers	Public authorities	Local residents and neighbours	Investors and analysts
CEO	Suppliers and service providers	Lawmakers	Family	Banks
Works council	Associations and networks	Government agencies	Potential candidates	Insurance providers
Company doctor	Auditors & certification bodies	Professional associations	Society / Public	
Trade unions			Universities and schools	

## Stakeholder dialogue

Gühring works with various stakeholders and stakeholder groups, as can be seen in the figure “Stakeholder groups of Gühring KG”. Some interest groups are directly affected by our activities, while other stakeholders have a direct influence on our company processes.

We attach great importance to open and direct communication with our stakeholders. However, direct exchange via dialogues was not always possible, especially in the wake of the coronavirus pandemic. Protecting our customers and our employees is our top priority. We therefore took a different approach to communication.

Gühring TECHLIGHT compensated for the cancellation of many large metalworking trade fairs. The first digital trade fair took place online in 2020 under the motto “The World of Gühring as a Digital Trade Fair”. During the event, our customers were able to experience various products in six exciting themed worlds.

Thanks to the success of TECHLIGHT 2020, a digital trade fair was again held in 2021. TECHLIGHT 2021 with the motto “Milling in the Limit Region” offered visitors a very competent TECHtalk between experts from the areas of research and development, product management and e-business/digitalisation. Our new solid carbide milling cutter RF 100 Sharp was also presented at TECHLIGHT 2021. TECHLIGHT 2020 and 2021 are available in both German and English and can be visited at [www.guehring.com/techlight](http://www.guehring.com/techlight).

Another quick and easy option for customers is direct contact via messenger services. This opportunity was created in 2020 to ensure direct communication with our customers. This means that employees can respond quickly to our customers’ messages or forward them to application engineers if necessary. In this way, we ensure that the questions are answered in the best possible way and that we can respond to the interests of our customers.

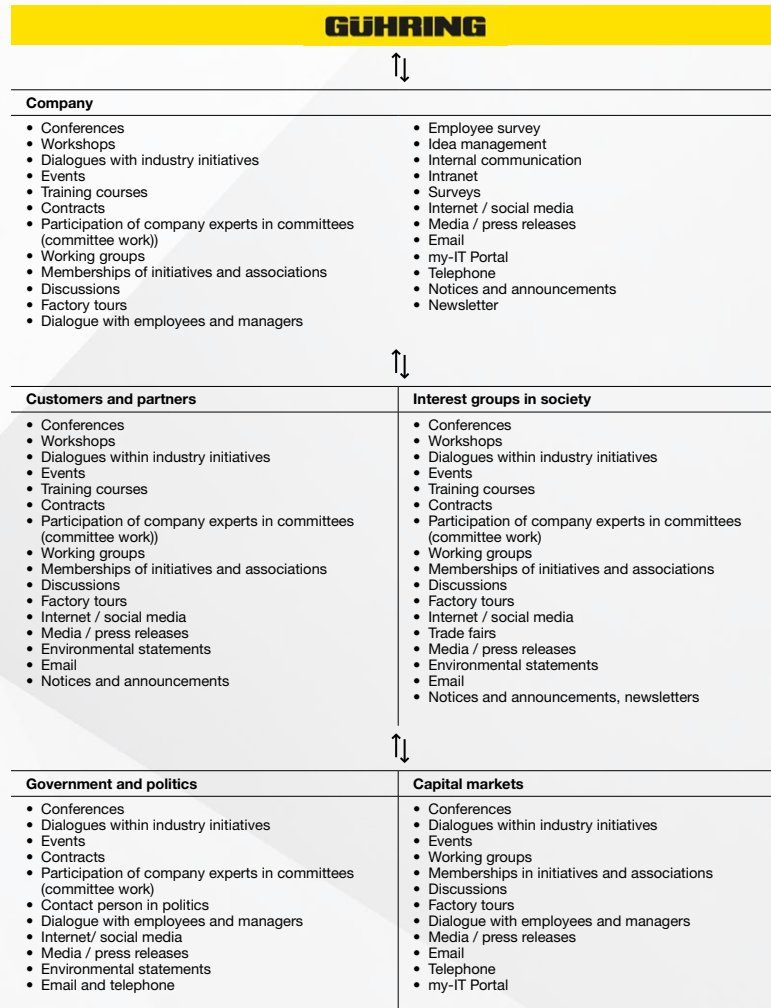


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This graphic shows the dialogue with our stakeholders:



GRI 102-40, GRI 102-42, GRI 102-43

In addition to the previously mentioned stakeholders, the exchange of ideas in associations and interest groups as well as with external initiatives is particularly important to us. That is why we support many initiatives and organisations.

### List of key memberships and associations

- DIN e.V.
- VDMA Verlag GmbH
- The German Machine Tool Builders' Association (VDW) e.V.
- REFA Bundesverband e.V.
- FGMA Maschinenbau e.V.
- The German-speaking SAP User Group (DSAG)
- VPP-Geschäftsstelle
- German Engineering Federation (VDMA)
- GFE-Gesellschaft für Fertigungstechnik und Entwicklung Schmal-kalden e.V.
- Composites United e.V.
- LBZ-BW e.V.
- TuTech Innovation GmbH
- PLM-Benutzergruppe e.V.
- Technology Mountains e.V.
- Kompetenznetz INPLAS e.V.
- CIRP
- The German Association of Corporate Treasurers (VDT) e.V.

GRI 102-12, GRI 102-13

### Identification of key topics

A comprehensive materiality analysis was carried out in 2020. This materiality analysis was once again confirmed by all departments in the reporting period and thus serves as the basis for the Sustainability Report 2021.

Our own requirements and the expectations of our various stakeholders were the focus here. The analysis was about taking the view of our various stakeholders and evaluating different subject areas on the

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basis of this. The aim of the materiality analysis was to prioritise action areas and key issues. In addition to the targeted management of topics, the purpose of this prioritisation is also to define the contents of our sustainability report.

The starting point of the assessment was based on discussions with the various specialist departments and on the preselection of the topics to be evaluated. These topics were based on extensive literature research and benchmark within the industry. In the first step, 31 subtopics were identified as a basis. These topics were expanded to a total of 33 subtopics through discussions with the specialist departments and then evaluated from both an internal and external perspective.

GRI 102-47

### Results of the materiality assessment

The assessment as well as an internal adjustment and vote resulted in four action areas, which are based on different key topics. The depiction of the materiality assessment shows how the key issues were assessed by the stakeholders involved. The depicted key topics provide the basis for our report.

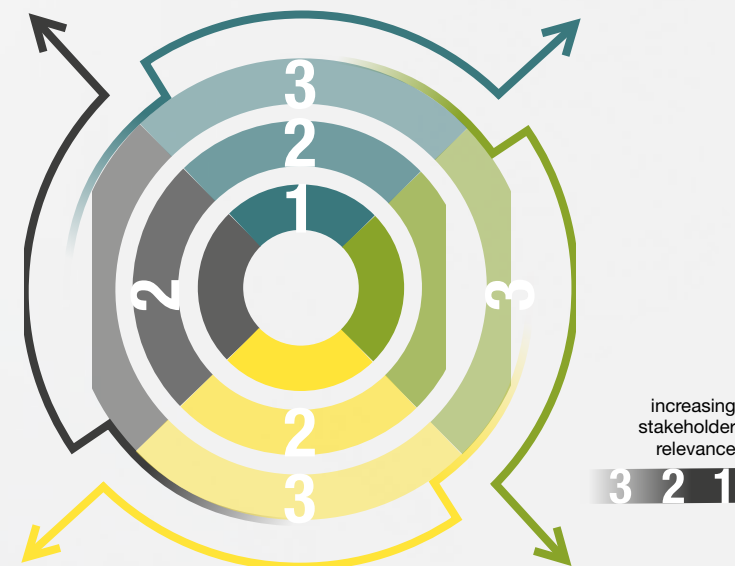
GRI 102-44

## Strategy and Management

- 1 Not relevant
- 2 Corporate governance and compliance; stakeholder management; risk and opportunity management
- 3 Not relevant

## Products and Customers

- 1 Product quality and customer satisfaction
- 2 Supply chain responsibility
- 3 Sustainable products



## Employees and Society

- 1 Not relevant
- 2 Training and education; workplace safety standards and health protection
- 3 Diversity and equal opportunity; regional employers; social responsibility

## Environment

- 1 Not relevant
- 2 Not relevant
- 3 Environmental management; use of resources; waste and recycling

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### 1.6. Opportunity and risk management

For the early identification of risk, a comprehensive risk management system that encompasses the Group as a whole was established. All risks and opportunities that arise are identified by all primary functions along the value chain and the associated cross-sectional functions and a full report is produced on a regular cycle, so that risks can be actively controlled in a timely manner. Risk management thus offers the opportunity to actively influence risks in good time.

Any business activity entails risks. Opportunities cannot be seized without taking risks. That is why our opportunity and risk management system penetrates and optimises business processes, structures information and starts the flow of information. In addition to the systematic handling of risks, a particularly important role is given to opportunity management in this regard. Thus, the aim of our opportunity and risk policy is to safeguard our existence, optimise risk costs and secure our company's success. This is achieved by making optimum use of the opportunity and risk portfolio.

Our strategic plans include a planning horizon of 10 years. The corresponding opportunity and risk identification and management is based on a planning horizon of 5 years and enables the strategic and proactive handling of opportunities and risks. The opportunities and risks are summarised in an opportunity and risk report. This allows the Executive Board to make a comprehensive and up-to-date assessment of the opportunity and risk situation.

The principle of decentralisation applies to the identification and management of opportunities and risks. Opportunities and risks must be recorded and managed by the opportunity and risk managers in the various functional areas at the location where they arise or are caused. Opportunities and risks are continuously identified and managed at Gühring in the specialist departments. Due to the principle of decentralisation and thus the involvement of departmental managers and operational levels in the opportunity and risk management processes, there is a universal awareness of activities or events that involve op-

portunities and/or risks, and this also creates a strong awareness of potential negative and positive consequences of everyone's own actions.

The opportunity and risk controller initiates and evaluates an opportunity and risk inventory at regular intervals. Cross-functional opportunities and risks or those of a 'global' nature (e.g. political opportunities and risks) are also recorded and managed. In principle, however, it should not only be obvious and large opportunities and risks that are discovered, but also weak signals that could develop into greater opportunities or serious risks in an early warning system. The opportunity and risk controller monitors and evaluates the opportunity and risk management measures, including their effectiveness and profitability. For this purpose, in addition to recording and evaluating opportunities and risks, the opportunity and risk managers are also required to take appropriate control measures in the opportunity and risk inventory. The opportunity and risk controller identifies measures that are not expected to have any impact or profitability.

Opportunities and risks are primarily managed through the implementation of measures in the specialist departments. The Corporate Controlling Department monitors the implementation and effectiveness of the measures. Going concern risks or risks that have a significant impact on Gühring's financial strength, reputation, delivery capacity and performance must be reported separately and serious changes must be promptly reported to the Executive Board. Risks that are investigated include environmental factors or risks associated with the consequences of climate change (e.g. storm damage, storms or other location-specific situations).

The opportunity and risk managers continually monitor going concern risks or those with a serious impact throughout the year. Changes must be noted in terms of probability of occurrence and/or size of loss and, if necessary, communicated to the Corporate Controlling Department and the Executive Board without delay. If there is impending or acute damage, employees must initiate immediate risk management measures in their respective areas of responsibility.



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Gühring's opportunity and risk management system is subject to continuous monitoring and auditing. As an integral component, the internal audit is a control system that monitors the operational processes throughout the company for compliance with guidelines and legal regulations.

### GRI 102-15

#### Major opportunities and risks to future development

In our view, the main risks for the Group's future development arise from the clear and permanent trend in the area of in high-quality cutting tools towards substituting HSS tools with carbide tools. Gühring's share of sales revenue for 'superhard tools' (carbide and PCD) has steadily increased in recent years, making the company and the Group increasingly less exposed to the transition in the market from HSS tools to 'superhard tools'. The fact that the Gühring Group manufactures the carbide itself opens up the opportunity to gain additional market shares in this area through quality and cost advantages.

The automotive market continues to be a growth market, particularly due to rising prosperity, especially in highly populated regions such as China, India and Africa. The shift away from full combustion engines to a predicted mix of combustion engines (47%), hybrid engines (38%) and electric engines (15%) opens up new potential for machining. Hybrid engines require significantly more machining than the combustion engine. Due to the combination of the expected market growth and the composition of the engine mix, we can expect growth in machining over the next 10 years, despite significantly lower machining volumes for full electric motors.

Thanks to our success in the area of original equipment and tool management, we are more than ever a sought-after partner for all machining customers. The latent risk that we can lose our position due to changes such as supplier reductions or the introduction of new tool management systems is reduced due to the fact that Gühring has been established in the market as a full-service provider of cutting tools for years.

The Gühring TECHLIGHT 2020 digital trade fair and TECHLIGHT 2021 digital trade fair were held as an alternative trade fair experience to increase sales, acquire new customers and maintain existing customer relationships. There were both online live events and a permanent setup for the online trade fair.

In order to further diversify the Gühring Group and thus increase its independence from the automotive industry, we will establish more industry sales areas starting from 2021. This will allow us to tap into, develop and expand the existing market potentials in a targeted, specific and target-group oriented way. This also provides the basis for innovation.

The prices for tungsten and cobalt on the commodities market continue to pose a risk. The price of ammonium paratungstate (APT), which is the raw material for the main raw material tungsten carbide, increased in 2021 on a USD basis by around 40%. The binder material cobalt, which is required for carbide production in addition to tungsten carbide powder, saw an even steeper price curve and almost doubled on a USD basis. The weakening euro over the course of the year had a further negative impact on raw material costs as the raw materials are traded in USD.

Since the Gühring Group is both as a consumer and as a producer of hard materials, this creates the opportunity to further reduce the raw material costs by recycling our own scrap metal and scrap bought back from customers. The scrap share of customer buybacks could be increased to a maximally reasonable quantity in recent years and is set to increase even further in 2022.

The price of high-speed steel has significantly increased each quarter since the 4th quarter of 2020. In 2021, the alloy surcharge for our main HSS and HSCO grades doubled from the 1st to the 4th quarter. The main price drivers were the alloy elements cobalt, molybdenum and chrome. Due to the rising prices of the alloy elements, the prices on the secondary raw material market (scrap) from January to December

# 01

## Strategy & Management

- 1.1 Company profile
- 1.2 Corporate policy
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- 1.5 Materiality process and stakeholder management
- 1.6 Opportunity and risk management

have also increased by approx. 60 percent. More than 90 percent of HSS steel is made from scrap. Since the 4th quarter of 2021, energy cost surcharges are being levied by many steelworks. Since the 1st quarter of 2022, an energy cost surcharge must nearly always be paid. The surcharge share of the total price is between 1 and 5 percent depending on the steel grade.

Further price increases in the HSS area are expected for 2022 due to rising raw material prices and energy costs as well as capacity bottlenecks at manufacturers.

The Russian Federation's attack on the neighbouring country of Ukraine in February 2022 led to a complete reassessment of relations at political, economic and cultural level. The impact of the war in Ukraine and the subsequent far-reaching sanctions imposed on the Russian Federation on the economy and markets overall cannot be reliably assessed at this time. The markets in the two countries only affect Gührling KG to a small extent. Sales in these regions are generated through two Russian and one Ukrainian subsidiary. The consequences of the war in Ukraine will cause moderate financial effects in the 2022 financial year. Rising energy and raw material prices will also affect the cost of materials although the increase can probably be passed on to the markets at least in part.

In order to minimise the interest rate risks from the loans to finance the usual working capital requirements, interest rate cap agreements with various maturities were concluded with different banks. In this respect, Gührling KG is already addressing the identifiable risks early and extensively.

In addition, foreign exchange hedging transactions were entered into for the incoming foreign currencies.

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GRI 102-15, GRI 201-2



# Products & Customers

- 2.1 Sustainable products
- 2.2 Product quality and customer satisfaction
- 2.3 Supply chain responsibility
- 2.4 Information security and data protection





# 02

## Products and Customers

- 2.1 Sustainable products
- 2.2 Product quality and customer satisfaction
- 2.3 Supply chain responsibility
- 2.4 Information security and data protection

### 2.1 Sustainable products

For machining, coating or reconditioning: Gühring solutions are all about reducing requirements while increasing performance. Durability and reduced consumption of resources, whether they be operating equipment, energy or raw materials, ultimately mean lower pollutant emissions, more efficient production, lower process costs and more sustainability. These successes are only possible due to high importance Gühring places on the high quality of its products and services.

Sustainability is also the focus of developments in R&D. In the development of new products, the two requirements “tool life” and “productivity” are usually the most important points that must be fulfilled. Increasing tool life directly reduces the resources required for machining tools.

When machining tools are used, only a small part of the energy consumed is spent on the machining itself. Most of the energy required is spent on auxiliary units such as hydraulics, cooling or cooling lubricant supply. Increased productivity enables savings potential with almost the same energy expenditure. For example, an increase in output for a given machine pool would reduce the need for new purchases.

In addition to tool development, the focus is also on manufacturing processes and new machining strategies. These topics are sometimes researched as part of joint projects. The two joint projects “AM tools” and “BionicTools” are examples of this.

The “AM Tools” project with the long title “Increasing energy efficiency along the process chain for the production of carbide tools” is a joint project funded by the BMWi. The consortium consists of a total of eight partners, two of which are research centres. The term is three years and has been running since March 2021.

The aim of the project is to reduce the energy requirement for the production of carbide tools by between 13 and 26 percent compared to the current state of the art. Two process routes are being investigated here. In addition to an optimised conventional process route consisting of sha-

ping, green parts processing and sintering, an additive process route is also used, which can further reduce material consumption. In addition, optimisations are also being made in raw material synthesis, sintering processes and grinding of tools.

A new machining strategy is being developed for the “BionicTools” project with the long title “Energy- and resource-efficient aluminium machining through the use of bionic-functionally structured milling tools using minimum quantity lubrication technology”. This technology has been researched in a group of seven partners, two of which are research centres, since April 2021 over a period of 3 years. This project is also supported by the BMWi. The aim of the project is to convert aluminium milling to minimum quantity lubrication (MMS). For the aluminium alloys addressed in the project, machining using emulsion is state-of-the-art as otherwise there is no process reliability and the tools can break unpredictably as a result of smearing. In order to achieve this goal, the development of laser structures for milling tools, including laser technology for the production of structures and adapted MMS systems, is necessary. And it is only through this holistic approach that the goals can be achieved.

By switching to MMS technology for this machining strategy around 40 percent of the energy required during tool use can be saved. In addition, expenditure is reduced, for example for component cleaning and the lubricants to be used. If this technology were to be applied to only one third of the production facilities in Germany, there would currently be potential savings of around 16,000 MWh of primary energy per year.

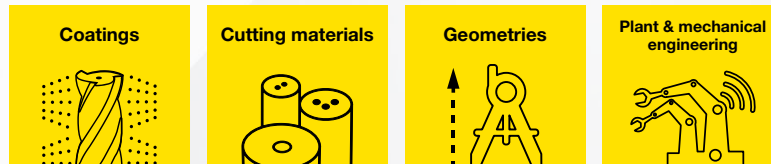
The two joint projects represent a large number of developments at Gühring, which, in addition to tool development, are concerned with the continuous improvement of machining and the manufacture of cutting tools. Future-proof solutions can only be developed by taking a holistic view of all process steps and looking at all processes relating to the use of tools.

## Products and Customers

- 2.1 Sustainable products
- 2.2 Product quality and customer satisfaction
- 2.3 Supply chain responsibility
- 2.4 Information security and data protection

### 2.2 Product quality and customer satisfaction

In our efforts to achieve the highest product quality, the “zero defects” strategy is our highest goal. We achieve this product quality particularly due to our high level of vertical integration, which is unique in the industry and therefore a major factor in the success of Gühring. We bring together the expertise required for tool production within our company.



Through our certified quality management system, we guarantee safe processes and flawless products and services. At the same time, we establish the labelling and traceability of our products and the associated documentation through our quality management system. We preempt product risks by drawing on empirical values, conducting incoming materials inspections, cost-utility analyses, drilling tests, commercial and technical feasibility tests and only using approved suppliers, the latest technical documentation, qualified personnel and continuously calibrated test equipment.

In order to guarantee the legally required product and service information for our customers as well as corresponding labelling, we have described the exact procedure for handling information and labelling in one of our process workflows and adhere to these specifications for all our products. In doing so, we ensure that we comply with all regulations and laws, preventing violations in this regard, while also ensuring the safe use of our products. No breaches relating to product information or labelling were identified during the reporting period. Likewise, no breaches relating to marketing and communication came to light in the reporting year.

GRI 417-1, GRI 417-2, GRI 417-3

For all our customers, the concept of ‘quality’ is the most important factor for customer satisfaction. That is why we have set a high level of quality for our products since the company was founded. By consistently pursuing this goal, we have succeeded in achieving a leading market position in the cutting tools sector. For this reason, we are committed to a quality management system that can meet the high standard of our products. Our quality management system is therefore a constantly evolving system in which employees and management achieve continuous improvements. Our system is certified according to DIN EN ISO 9001:2015.

We determine an internal error rate for all tools produced on the basis of quality inspection specifications. If customers have a reason for a complaint, we record all customer issues in detail in order to initiate continuous improvement measures efficiently.

#### Customer satisfaction index

Our annual customer satisfaction index provides us with relevant information about customer-specific key figures. We include in our index, for example, supplier evaluations from customers, the complaint rate, training for external customers, our delivery reliability as well as the quotation success rate. The percentage improvements in recent years demonstrate our positive focus on customer satisfaction and the market. Time and again, awards or other accolades from customers are also evidence of this customer satisfaction.

#### Customer proximity

A dense network of sales representatives and locations guarantees Gühring the highest level of support and fast response times. We have our own sales network of sales representatives and product managers. Our tool solutions not only consist of our standard range but also of complex tools individually manufactured according to customer requirements.

# 02

## Products and Customers

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### 2.3 Supply chain responsibility

Social responsibility does not stop with our own employees. We are aware that we also need to continue these efforts along the supply chain. We strive to ensure that our strategic suppliers adhere to the same principles within the framework of social and ethical standards that we set ourselves as benchmarks. Taking social and environmental factors within the supply chain into consideration, in addition to national and international laws, is something that we strive towards and we therefore safeguard this in our sustainability policy. All new suppliers are required to recognise these and are additionally reviewed through a supplier evaluation.

#### Supplier management

Sustainability is a long-term strategic success factor, not only for us, but also for our suppliers and subcontractors. Therefore, we attach particular importance to establishing a common performance standard for responsible business operations. We understand the importance of the highest ethical standards, as well as the strictest requirements for conduct and compliance. In our actions, sustainability is a key element of our identity and is part of our corporate strategy. Our actions are therefore based on generally applicable ethical values and principles, in particular integrity, honesty, respect for human dignity and non-discrimination. Our suppliers make a significant contribution to our success. It is therefore our aim to continue to develop our products and services sustainably and successfully together with our suppliers in the future. We consider a common understanding of ethical and sustainable actions to be the basis for business success. For this reason, we treat business partners fairly, respectfully and with trust in all activities.

We have set out the exact requirements and principles for cooperation with our suppliers in a sustainability guideline for suppliers. This guideline was substantiated in 2020 and strategic suppliers approached. This guideline was fleshed out in the reporting period and both existing suppliers and new suppliers were asked about it in supplier questionnaires. The requirements in the questionnaire include respect for international human rights, the rejection of all forms of forced labour, the rejection of

all forms of corruption, sustainable environmental management and treatment of employees. We also expect our strategic suppliers to ensure that their subcontractors and subsuppliers comply with our policy. They are therefore required to pass on the content of our policy to all those involved in their supply chain and actively promote compliance with it.

All strategic suppliers within our value chain should apply and affirm this sustainability policy to ensure sustainable procurement.

81 % of our strategic suppliers have signed our sustainability policy. We have a strong interest in further improving this figure. That is why we only select suppliers from whom we can expect integrity, honesty and ethical behaviour. Of course, we also accept this responsibility in return.

Supplier audits are conducted regularly to review these criteria. However, only a few audits were able to be performed in the reporting period due to the coronavirus pandemic.

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**GRI 102-9, GRI 102-10, GRI 308-1, GRI 308-2, GRI 408, GRI 409, GRI 414**

In addition to the evaluation of suppliers, environmental criteria are also reviewed for each procurement. For example, when procuring plants, machines and equipment, data on the criteria of energy and water consumption, emissions and recycling options is collected. When procuring construction services, attention is paid to ecological execution of construction work. When purchasing new vehicles, information on consumption and emissions is also obtained.

In addition to evaluating suppliers on environmental criteria, we also try to support local suppliers where possible. During the reporting period, local suppliers accounted for 77.2% of the total procurement budget. As we have numerous facilities throughout Germany, suppliers from Germany are considered to be local suppliers. Due to an internal changeover, the amounts for the Sustainability Report 2020 had to be adjusted in order to compare the local suppliers.



# 02

## Products and Customers

- 2.1 Sustainable products
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Year	2021	2020	2019
Percentage spend on local suppliers	77,2 %	78,6 %	79,4 %

No serious negative environmental or social impacts in the supply chain were identified during the reporting period.

With regard to our service providers, we also attach importance to respect for and awareness of human rights. For example, all security personnel engaged to work at Gühring KG's sites are trained by the respective external company on the topics of human rights policy and procedures. The training of security personnel is intended to help ensure appropriate conduct towards third parties in various situations, in particular with regard to the use of violence. In addition, we oblige all external companies to apply our workplace health and safety and environmental protection instructions for external companies and to train employees on the content.

### Reach

At Gühring, the REACH regulation governs the handling of chemicals. This regulation stipulates the introduction, manufacture and use of all chemicals at European level and is intended to protect human health and the environment.

### Conflict minerals

The issue of conflict minerals in our supply chain is an issue we have been dealing with for a long time. Especially in the procurement of raw materials this is a significant risk in supply chains. In our company, the purchase of tungsten and cobalt as conflict minerals are affected. The mining of these minerals can lead to risks of, for example, human rights violations, corruption and money laundering, or contribute to the financing of armed forces. In order to ensure that these risks do not occur, we only source our raw materials from suppliers who guarantee extraction without these risks. Therefore, we have written confirmation from all suppliers that all raw materials are free of conflict minerals, comply with OECD guidelines and comply with the requirements of Article 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

### Recycled raw materials used

A wide variety of materials are needed to manufacture our products. Carbide for the production of tools is produced using predominantly tungsten and cobalt powder or granules. In order to consider both economic and environmental aspects, we rely in part on recycled raw materials and therefore buy back old carbide and have it reprocessed.

### Buyback of carbide

When used carbide tools are reprocessed, they are converted into reusable powders through various processes. Used end products are thus reused as a raw material and recycled. Every year, we buy back larger quantities of carbide, which can be reprocessed into recycled powder and reuse it for new products. In addition, we have agreements with customers in which we can cover 100% of our recycling quota.

However, before the process step of recycling is carried out, we offer our customers the option to recondition special tools in service centres so as to extend the products' service lives. Recycling therefore only starts at a later stage. Our tools are recycled in service centres. Customers don't have to worry about anything; a pick-up and delivery service ensures on-time logistics. The reconditioning to original quality and subsequent recoating ensures maximum cost-effectiveness. Only when a tool is no longer usable can our carbide recycling make the use of our tools an all-round success.

GRI 301-2

# 02

## Products and Customers

- 2.1 Sustainable products
- 2.2 Product quality and customer satisfaction
- 2.3 Supply chain responsibility
- 2.4 Information security and data protection

### 2.4 Information security and data protection

Information and data are of great value to us. In order to adequately protect this value, information security and data protection are becoming increasingly important at Gühring. Through the integration of the two topics, information security and data protection are managed in a harmonised management system to make use synergy effects.

Various information is exchanged as part of Gühring's cooperation with customers and suppliers. To ensure the protection of this information, we use an information security management system. Our Chief Information Security Officer (CISO) is responsible for coordinating and implementing our information security management system. The CISO has a right to report directly to the Executive Board and prepares an annual report on the activities carried out in the past financial year. Thus, we ensure that the essential protection objectives are met: availability, integrity and confidentiality. With supplementary IT risk assessments, we enable adequate protection through proactive technical and organisational measures. Our corporate guideline for information security anchors our principles and structures. The Information Security Policy is reviewed on an ongoing basis and updated as required.

Along with information security, data protection is also an important issue that Gühring deals with. With increasing digitalisation worldwide, but also in our company, there is an increasingly strong focus on the right to informational self-determination of each individual. This applies to our employees as well as our customers and suppliers. We have taken technical and organisational measures in order to adequately protect personal data and to be able to comply with the legal regulations, which have been updated and, in some cases, significantly changed due to the General Data Protection Regulation. Our data protection guidelines define the processes, responsibilities and structures of our data protection management system. Furthermore, data subjects are informed of their rights, including the right to information and the right to erasure of stored data. This policy is reviewed on an ongoing basis and updated as required. The Privacy Policy is the minimum standard. The implementation of the data protection management system is coordinated by our central Group Data Protection Officer.

In addition to maintaining the process, the Group Data Protection Officer ensures the further development of data protection and all associated measures and advises organisational units and specialist departments. The Data Protection Officer reports directly to the Executive Board. Our employees are contractually obligated to comply with data protection and the confidential handling of personal data and information. We also offer employees online data protection e-learning training. Participation in the training is mandatory. Personal data is generally not transferred to third parties. If personal data is transferred, this occurs only on the appropriate legal basis. Our privacy statement provides transparent information about this. In the reporting year, there were no enquiries or complaints from customers or competent supervisory authorities regarding a breach of data protection. There were no leaks, cases of data theft or data loss. All employees are required to report any breaches or irregularities to the agencies publicised for this purpose. Future incidents are analysed and processed in accordance with our defined processes and the requesting agency is informed of events and possible measures.





# | Environment

3.1 Environmental management

3.2 Use of resources

3.3 Waste management and recycling





# 03

## The Environment

- 3.1 Environmental management
- 3.2 Use of resources
- 3.3 Waste management and recycling

Environmental thinking and action and the associated assumption of responsibility are fundamental elements of Gühring's corporate policy. As a family-owned company, we take care to protect the environment right from the start when developing our products and align our actions so that we comply with national and international environmental regulations.

### 3.1 Environmental management

All major Gühring KG production sites are certified in accordance with ISO 14001 environmental management system.

All environmental regulations are regularly reviewed via audits, inspections by internal environmental management and additionally by the relevant labour inspectorate and professional associations. Any non-conformities are recorded in an audit report and corrective actions are initiated immediately.

All managers and employees are familiar with our environmental protection policy through training courses and notices. For external parties, the corporate policy is accessible on our website. External companies are informed about the corporate policy through a brochure. We offer all employees in the internal learning management system (training portal) the opportunity to receive further training in many areas. The range of courses also includes courses on environmental management as training session. We provide targeted training on the importance of environmental management in business operations (ISO 14001). This is intended to provide an understanding of this management system and the factors for successful implementation.

No violations of environmental protection laws or regulations were identified during the reporting period.

**GRI 307-1**

### 3.2 Use of resources

The use of resources is an important concern for us, as many resources are limited. The sparing use of natural resources poses a particular challenge. We are aware of this responsibility and attach particular importance to our energy management and the issue of emissions, which we are demonstrating this year by creating a life cycle assessment for the first time.

### Energy management

#### **Reduce energy requirements, increase energy efficiency**

Gühring aims to achieve this goal throughout the company and across all business divisions. This includes in the workplace, in the procurement of goods, in our services, in the distribution of our products and in the design of systems. We therefore aim to reduce energy requirements in the long term and improve our energy performance. This results in an increase in energy efficiency. This will enable us to improve our energy performance indicator by approx. 1 percent per year. We primarily pursue this objective in production in terms of production planning, maintenance and repair, procurement of materials, products, services and energy, as well as in the design of our plants and internal transport. It also applies to the personal conduct of all employees (continuous improvement process).

The applicable laws, regulations, official requirements and other requirements must always be observed. For technical solutions to increase energy efficiency, we use the current state-of-the-art technology in each case as a benchmark.

To implement these principles, we maintain an energy management system in accordance with DIN EN ISO 50001 and carry out energy audits in the other plants in accordance with ISO 16247. We provide the necessary information and the appropriate means to achieve the energy targets. We constantly monitor, evaluate and improve this as needed. Furthermore, we will regularly check whether the necessary financial and structural requirements and resources are ensured in order to achieve the specified targets.

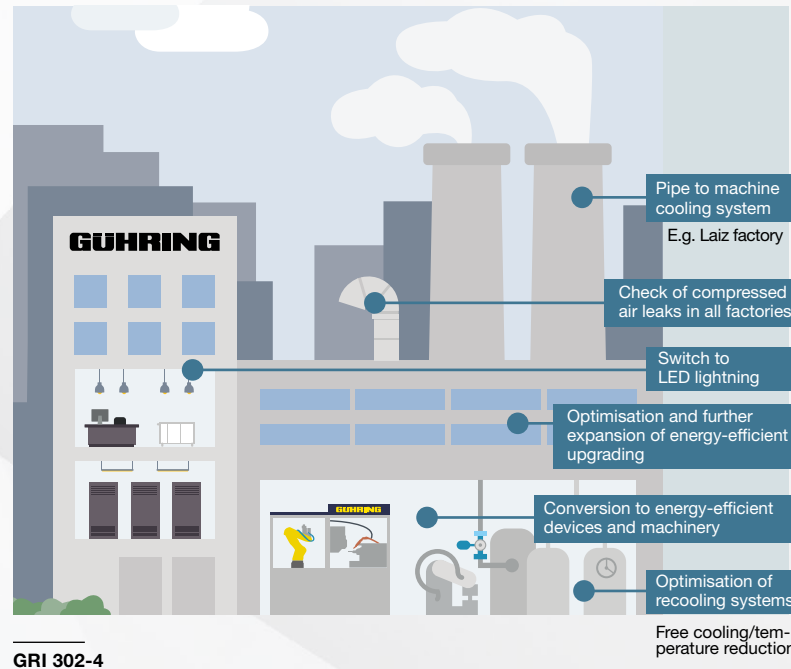
In summary, this means that we meet our customers' sustainability requirements, reduce our energy costs and also reduce carbon emissions. This is why we are particularly focussing on targets and measures to improve energy efficiency. We regularly check for leaks in the compressed air systems in all plants by 2022, we will have converted the lightning systems to LED lightning in our production halls. The optimisation and further expansion of energy-efficient upgrades is also being continuously examined. For example, we are focussing on converting

# 03

## The Environment

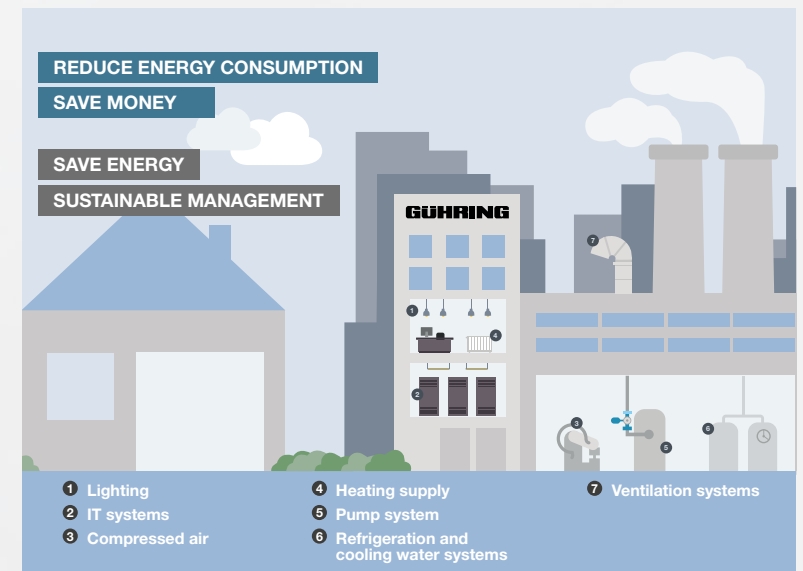
- 3.1 Environmental management
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to energy-efficient devices, equipment and machines and optimising the building technology, for example recooling systems, compressors, refrigeration systems, heating systems, etc. For example, we put a new central process cooling system with integrated control cabinet cooling and 100% free cooling at temperatures below 12°C into operation at our site in Laiz during the reporting period. This allows us to achieve savings of approx. 2.6 MWh per year. This technique was extended to include the sites of our subsidiaries during the reporting period.



Another example of how we want to tackle the reduction of our energy consumption is a concept for energy-efficient driving, which was planned in 2020 and has already been partially implemented. Journeys with company cars is an especially relevant energy factor in our company. For this reason, new company car owners are instructed in

energy-efficient driving when they collect their vehicle. There is a motivation sticker for this in the vehicles themselves. In order to further entrench the concept of energy saving, we will continuously offer and expand training on this topic for our employees. Seven training sessions took place during the reporting period and approx. 88 participants were trained. It is important to us to communicate that every employee can contribute to saving energy and increasing energy efficiency. To achieve this, employees need to be informed about the subject of energy saving and incentives for employee motivation (CIP) must be created. However, our measures go beyond mere training. The Energy Team has designed a comprehensive communication package to continuously draw attention to this important topic and also to convey knowledge. In addition to flyers, posters, mailings, brochures and newsletters, this topic is already included in the induction plan during the induction of new employees. Furthermore, additional qualifications as energy scouts are offered company-wide for trainees via the Chamber of Industry and Commerce. We try to reach all our employees with target-group oriented communication.



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## The Environment

- 3.1 Environmental management
- 3.2 Use of resources
- 3.3 Waste management and recycling

Energy consumption was adjusted compared to the previous year because the location of a subsidiary is not relevant.

Energy consumption <sup>1</sup>	2019	2020	2021
Electricity (in kWh)	47.238.424	42.156.198	44.682.178
Natural gas (in kWh)	8.113.502	8.401.725	9.495.347
Heating oil (in kWh)	1.528.516	567.408	641.330
Fuel (in kWh)	14.650.684	10.959.879	10.638.858
<b>Total (in kWh)</b>	<b>71.531.126</b>	<b>62.085.210</b>	<b>65.457.713</b>

<sup>1</sup>Only the energy consumption of the parent company Gühring KG is shown here:

GRI 302 – 1

### Emissions – carbon footprint

The first assessment of our CO<sub>2</sub> emissions took place in the 2020 financial year. We have continued to do this for 2021. Our aim is to continue to calculate our emissions in full. We are guided by the objectives of the EU Commission and the United Nations: By 2023, Europe is set to become the first CO<sub>2</sub>-neutral continent and the global average warming must not exceed the 2°C limit by 2030. When calculating greenhouse gases, we differentiate between direct and indirect emissions. According to the GHGP (Green House Gas Protocol), corporate emissions are divided into three “scopes”. Scope 3 emissions are to be determined in the coming years.

- Scope 1:** direct greenhouse gas emissions (e.g. from production processes, vehicle fleet)
- Scope 2:** Electricity indirect greenhouse gas emissions (e.g. purchased electricity)
- Scope 3:** Indirect greenhouse gas emissions from the upstream and downstream value chain (e.g. purchased goods and services, use of sold products)

### Carbon footprint

Due to the adjustment of energy consumption compared to the previous year, CO<sub>2</sub> emissions also change. The adjusted emissions are shown in the table below.

#### Scope 1: direct greenhouse gas emissions

CO<sub>2</sub> emissions in kg for heating oil, natural gas, diesel fuels

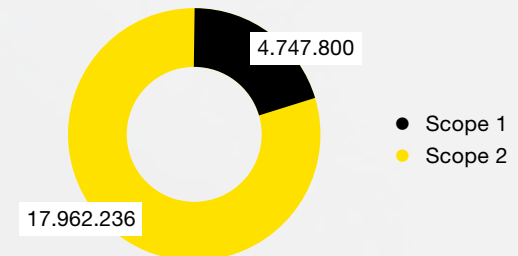
	2020	2021
Heating oil (in kg CO <sub>2</sub> )	182.705	161.992
Natural gas (in kg CO <sub>2</sub> )	1.923.995	1.918.060
Diesel (in kg CO <sub>2</sub> )	2.732.450	2.667.747
<b>Total emissions (in kg CO<sub>2</sub>)</b>	<b>4.839.151</b>	<b>4.747.800</b>

#### Scope 2: indirect greenhouse gas emissions

CO<sub>2</sub> emissions in kg for purchased electricity

	2020	2021
Electricity (in kg CO <sub>2</sub> )	16.946.792	17.962.236
<b>Total emissions kg CO<sub>2</sub> Gühring KG scope 1 &amp; 2</b>	<b>21.785.943</b>	<b>22.710.035</b>

CO<sub>2</sub> emissions 2021 (in kg):



GRI 305-1, GRI 305-2



# 03

## The Environment

- 3.1 Environmental management
- 3.2 Use of resources
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### Emissions in logistics

At Gühring, the goals of reducing emissions and reducing cost in logistics are in harmony. The economic and environmental goals in the area of transport/logistics do not create a conflict of objectives; we believe they can be achieved together. Slower shipments produce lower emissions and are cheaper. A small number of large shipments is cheaper than several small shipments and also produces less CO<sub>2</sub>.

The shipping of standard packages at Gühring is carbon neutral. For example, the shipping service provider is increasingly relying on electric vehicles, sustainable buildings or a switching to 100% green electricity. The unavoidable carbon emissions are offset by efficient afforestation with fast-growing trees. In choosing our service provider, we also ensure that we save emissions and protect the environment in our downstream processes. At the same time, standard packages are cheaper than express packages.

However, in addition to all these implementations, we keep one thing in mind: the ordered products must be delivered to our customers by the agreed time.

### Water and waste water

Both at our sites and in the production of our products, we need water. We therefore strive to reduce water consumption wherever possible.

Water consumption	2019	2020	2021
Fresh water in m <sup>3</sup>	20.257	18.450	18.779
Waste water in m <sup>3</sup>	20.257	18.450	18.779

GRI 303-3, GRI 303-4

### 3.3 Waste management and recycling

The topics of waste and recycling are two related topics for us. Our Waste Management Department ensures proper disposal of all waste generated in accordance with legal requirements. However, in order to keep waste generation as low as possible both for us and for our customers, we have been working on the topic of recycling for a long time.

### Waste

We only work with qualified companies when it comes to waste disposal. At all our locations, these are the certified waste disposal companies. The Waste Management Officer is responsible for verifying the proper disposal of waste. In this way, we ensure that changes in laws are identified and implemented in compliance with the law. We do not dispose of waste abroad, nor do we incinerate or send waste to landfill. Our internal procedural instructions require that waste be avoided first and foremost and then recycled if that is not possible. The aim is to minimise the environmental impact as much as possible.

In doing so, we follow these principles:



Waste that is not created does not require costly disposal. Constant improvements in processes and production technology are being trialled to try to prevent waste from being created. Where no state-of-the-art zero-waste processes are available in the production process, we aim to reduce the amount of waste. For waste that cannot be avoided and has already been reduced to the lowest technically and economically feasible residual quantity, we consider legal and environmentally friendly recycling/disposal. Waste is separated, in accordance with the municipal regulations, in bins marked with different colours. Each individual employee is responsible for the correct disposal and separate collection of waste for the individual waste fractions (type of waste). The departmental/area managers have a supervisory role for the separate and proper collection of waste in their areas of responsibility.

Our waste consists of:

Waste generation and disposal (in t)	2020	2021
Hazardous waste	391	649,98
Non-hazardous waste	891	1022,88

GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-5

# 03

## The Environment

- 3.1 Environmental management
- 3.2 Use of resources
- 3.3 Waste management and recycling

We work with a service provider to meet our legal obligation to take back transport and sales packaging. This service is intended to close the loop. The packaging, which would otherwise end up in normal waste, is collected from the customer on request. This ensures that the packaging is recycled and fed back into circulation.

The planned quantity from 2020 is corrected using the real value. We licensed the following transport and packaging quantities for the reporting year:

Dual system – sales packaging (t)	2020	2021
Plastics	3,863	4,242
Paper / cardboard / cartons	0,291	0,32

Transport packaging (t)	2020	2021
PE film	5,794	6,363
Paper / cardboard / cartons	31,353	34,430

The service provider collects the transport packaging from our customers on request. In the 'dual system' area, the service provider contributes, for example, to the costs of collecting the yellow bags or bins for sales packaging from our customers who dispose of them via these systems.

### Recycling of carbide waste

By recycling of own raw materials, such as scrap carbide or carbide sludge, we contribute to the circular economy.

When recycling hard metal, we have the waste products processed by our service providers in such a way that they can be returned to the material cycle. Since we are consumers of carbide, this gives us the opportunity to save resources.

### GRI 306-4

### Recycled packaging materials

Every type of packaging in general, and also in our company, is liable to sustainability issues. For example, an enormous amount of water is used in the production of cardboard packaging and, in the best case

scenario, no imprints with mineral oil are used. That's why at Gühring we like to use an alternative. Our wooden packaging is made from renewable raw materials and can be reused several times. The reconditioning and recycling of our wooden packaging from our PCD production (polycrystalline diamond) is therefore an example of how we deal with the issue of packaging. For us, recycling means that the packaging comes back from the customer, is reconditioned and then reused.

Thanks to the high quality of the wood packaging, we are able to recondition and reuse it. This not only saves valuable resources, but also reduces waste generated by customers. Since 2019, we have been sanding and reconditioning wooden packaging crates for finished tools that are retrieved from the customer so that we can reuse them.

During the reporting period, the switch to packaging made from recycled materials was examined. This packaging is made of plastic materials that were already in circulation and are turned into new packaging after the recycling process. Another advantage of this type of packaging is the comparatively low CO<sub>2</sub> footprint, which can sometimes amount to only one third of that of conventional packaging.

The goal is to switch 90 percent of all packaging materials to more sustainable alternatives by the end of 2022 – from the rotating packaging sleeve to the box and the label.

### GRI 301-1



# Employees & Society

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- 4.2 Training and education
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# 04



## Employees & Society

- 4.1 Employees
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### 4.1 Employees

Our company's most important resource is our skilled employees. We currently employ 2377 people at Gühring KG. Personal development opportunities, a healthy working environment and the opportunity to combine work and family life are just some of the factors we focus on with our employees.

#### Overview of employee structure:

	2020	2021
 <b>Female:</b>	<b>510</b>	<b>511</b>
temporary:	16	12
permanent:	494	499
 <b>Male:</b>	<b>1910</b>	<b>1866</b>
temporary:	22	15
permanent:	1888	1851
<b>Total employees:</b>	<b>2420</b>	<b>2377</b>

In order to be able to make a statement about the how satisfied our employees are, we adjust our employee satisfaction index (ESI) annually. We measure a wide range of criteria that lead to employee satisfaction and compare these with previous years. The criteria that we look at include length of service, sickness rate, investments in workplace safety or the number of exempt Works Council members. The improvement in the ESI in recent years highlights the company's positive approach towards its employees.

As a result, the satisfaction of our employees is also reflected in our stable staff turnover rate. The staff turnover rate has been relatively stable for years and ranges between 5 and 6%. In the reporting period, it was 5,01%.\*

\*The staff turnover rate is calculated according to the Confederation of German Employers' Associations (EDA) formula.

#### GRI 401-1

As a company, we have a special responsibility for our employees and society. We fulfil this social responsibility both in our treatment of our employees and as a regional employer. Assuming regional responsibility means setting ourselves up for the future. It is not only about attracting, retaining and supporting our employees from the regions, but also about the further development of the region. We offer our employees attractive conditions and individual development opportunities. We are pursuing the vision of a socially responsible commercial company.

We also try to motivate our employees through a wide range of benefits. We offer our employees convalescent leave, meal allowances, shopping vouchers / shopping discounts, home office/ company apartments and other benefits. There is no distinction between full-time and part-time employees for company benefits.

#### GRI 401-2

##### Remuneration policies

At Gühring, remuneration amounts are based on the collective agreement or individual contractual agreements. When an employee is hired or transferred, they are informed of the remuneration to which they are entitled. The employee is also be informed of all changes to their remuneration. Any bonus outside of the collective agreement is paid voluntarily. It can be withdrawn at any time, changed to a performance bonus or credited in full or in part to pay increases/pay scale group increases. All payable bonuses are paid in accordance with the relevant collective bargaining provisions and company agreements.

#### Percentage of employees covered by collective agreements:

	2020	2021
Covered by collective agree-ments	79 %	79 %
Not covered by collective agreements	21 %	21 %

#### GRI 102-41

Remuneration is in accordance with the collective agreement, which is above the minimum wage.

#### GRI 202-1

The periods required by law and under the collective agreements apply to any pending changes in the company that could be significant for our employees.

#### GRI 402-1

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### Parental leave

At Gühring, our female as well as male employees have the opportunity to take parental leave. Therefore, the Federal Parental Allowance and Parental Leave Act (Bundeselterngeld) applies to us. During the reporting period, 45 employees were on parental leave.

GRI 401-3

### 4.2 Training and education

At Gühring, we attach great importance to quality training and education. That is why we offer 13 different technical apprenticeships and business training courses at our locations, ranging from industrial mechanics to precision tool mechanics to industrial business management and IT with various specialisations.

Due to the increasing importance of digitalisation, which is also gaining importance at Gühring, we are constantly opening up new training opportunities, such as e-commerce training, which we have been offering since 2019. In addition, we are planning to introduce the dual study course "Media Design" in 2022. At the start of the year, we had more than 187 apprentices and trainees and dual study students in 13 different apprenticeships or courses.

Number of apprentices and trainees in January	2020	2021
Business (4 skilled jobs)	26	28
Technical (3 skilled jobs)	140	135
Studies (6 dual study programmes + combined university and vocational training)	22	24
<b>Total</b>	<b>188</b>	<b>187</b>

In addition to their high-quality training in Germany, our trainees also have the opportunity to complete part of their training abroad.

But we offer our apprentices and trainees even more: 'Azubi Flitzer' cars are available at the various locations. These are cars that can be used by the apprentices and trainees if they have to drive to another location or perform other tasks as part of their training. We also hold a wide range of team events and celebrations every year. Apprentices and trainees also have the opportunity to attend internal foreign language courses.

We offer pupils and students the opportunity to complete internships or write their final thesis at our locations.

The training course for our apprentices and trainees to become 'energy scouts' offers them a particularly good opportunity to investigate the topic of sustainability and energy. Some of our second and third year trainees and apprentices are given the opportunity to train as an energy scout and are involved in energy management issues and projects related to energy. The training is part of a Chamber of Industry and Commerce (IHK) seminar. Particular attention is paid to ensuring that apprentices and trainees from different areas receive this further training and that the knowledge acquired is brought into different areas of the company. Unfortunately, no seminars could take place in the reporting period due to the Covid-19 pandemic.

Our regional connection is particularly important when it comes to recruiting new trainees and apprentices, as it allows us to participate in all major trade fairs in the area around our training locations. With our trade fair stand and a team of several apprentices and trainees from the various vocations and study programmes, we inform potential applicants directly, personally and in dialogue about the opportunities at Gühring. We also go directly to the schools and present the training options and study programmes there as part of a lesson. Our proximity to the Albstadt University, which is situated very close to the main plant in Albstadt-Ebingen, also offers many opportunities for mutual exchange and cooperation.

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### Employee development

At Gühring, it is not only the topic of training, but also employee development that is essential. The topics of further training/qualification and training coordination (via the Learning Management System LMS) are part of our human resources development. We pursue the following goals in HR development:

- Maintain and upgrade qualifications of employees
- Secure professional and managerial staff and identify and prepare potential candidates for key positions
- Ensure and increase the motivation of employees in order to retain them at the company
- Improve efficiency and profitability in the company

These goals are to be achieved with the building blocks of HR development:



In order to enhance our employees' skills, we offer internal training through our LMS, where we specifically utilise internal speakers. The LMS is available to all employees with SAP access. We hold, for example, onboarding events, product training, mandatory training and we present specific departments.

Of course, we also offer our employees the opportunity to receive further training externally. We are happy to advise employees on advanced training or language courses in order to provide tailored support to them in achieving their qualification. Due to bundling different needs, internal training sessions with external speakers are also frequently planned. This involves, for example, management training or sales training. A total of 11328 training hours took place in the reporting period.

In order to make the topic of sustainability even more present in our company, a new training course on sustainability was planned in 2020. The training regularly took place online from the 3rd quarter of 2021. In 2021, a further 272 employees were trained on the topic of sustainability.

In order to provide our employees with feedback on their performance and professional development, all employees are given annual appraisal and/or annual reviews. These are governed at Gühring by the Industrial Union of Metalworkers (IG Metall) collective agreement and company agreements.

**GRI 404-1, GRI 404-2, GRI 404-3**

### **4.3 Diversity and equal opportunity**

Diversity represents added value in companies, which we at Gühring have also understood and live by on a daily basis. We create a working environment that is open to all people, regardless of their cultural and ethnic background, origin, religion and beliefs, disability, sexual orientation, gender identity or age. Our daily work benefits from this diversity.

Irrespective of individual differences, everyone is entitled to fair and equal treatment, and protection against discrimination and harassment. Being able to work together successfully today and into the future depends on a corporate culture that is characterised by treating each other with fairness, mutual respect and trust. Every employee has a responsibility to contribute to this and to create a fair environment in



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which discrimination does not stand a chance. This requires a high degree of openness and tolerance in dealing with each other.

Above all, the General Act on Equal Treatment (AGG) ensures that all employees are protected from discrimination in the workplace. The ban on discrimination applies not only to the employer, but also among colleagues.

Discrimination and harassment in connection with any grounds of discrimination or sexual harassment are of course also prohibited. Harassment is understood to be any undesirable conduct that is associated with any grounds of discrimination or conduct of a sexual nature that aims or causes the dignity of the person concerned to be violated and thereby creates a hostile environment.

The respective supervisor, the HR department or the Works Council is responsible for complaints in the company.

### Breakdown of our employees according to age groups and vulnerability:

Age structure	Total number of employees	Number of vulnerable people
U30 male	349	2
U30 female	111	1
30-50 male	931	23
30-50 female	272	6
50+ male	586	56
50+ female	128	9

### GRI 405-1

There were no incidents of discrimination of any kind during the reporting period.

### GRI 406-1

## 4.4 Workplace health and safety standards

At Gühring, workplace health and safety standards are of great importance. The central quality management is responsible for workplace standards and the HR department is responsible for health protection. Thus, safe workplaces and health promotion are an integral part of Gühring.

Awareness of and compliance with legal requirements and standards on the subject of workplace safety ensures safe work processes. Our workplace safety management system forms the basis for this. Our headquarters in Albstadt was first certified according to ISO 45001 in 2020. This certification replaced BS OHSAS 18001. At all locations, we continuously improve workplace safety standards through our annual health and safety inspections. In our hazard assessments, we identify all relevant hazards to which our employees could be exposed and adapt measures and implementations accordingly in order to identify hazards early and avoid accidents or adverse effects. Our safety officers in cooperation with our medical service and management staff are responsible for this.

In general, protective measures are taken according to the STOP principle:

- S = substitution**
- T = technical measures**
- O = organisational measures**
- P = personal measures**

We first check whether hazardous substances can be replaced by less critical substances. If this is not possible, technical measures for hazard prevention are reviewed and implemented where possible. The complete elimination of residual risks through organisational measures and also personal measures are the last two steps in providing our employees with a healthy and safe working environment. All employees take part in the annual occupational safety training sessions. The manager

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who keeps a corresponding training record of the measure is responsible for this. Occupational safety committee meetings are also held quarterly, which are required for companies with more than 20 employees in accordance with Section 11 of the Occupational Safety Act (Arbeitssicherheitsgesetz – ASiG). The avoidance of hazards and risks is also reviewed in the annual internal audits.

The long-term tendency of recent years shows us that the number of accidents is decreasing over the years. Our measures, such as training and raising employee awareness of workplace health and safety, are therefore having an impact. True to the motto ‘safety first’!

	2019	2020	2021
Fatalities	0	0	0
Severe injuries	0	0	0
Work-related injuries	47	24	29

### Hazardous situations

In the event of a hazardous situation or an emergency occurring on business premises, an expanded alarm plan was rolled out in the reporting period. All plants have an integrated management system with a central emergency plan due to standardised organisational structures for every type of emergency. In this way, we ensure that there is a quick and systematic response in the event of an emergency. Disciplined and coordinated organisation in the event of an abnormal event means that, if an alarm is activated, the situation does not become frantic or chaotic, thus ensuring the greatest possible safety for all employees.

### Health protection

Especially in the current coronavirus pandemic, we are focused on protecting our employees. The health of employees is our top priority. To achieve an early and adapted response to the situation, we set up coronavirus working groups in 2020.

Due to the pandemic ordinance of our Federal Government and the RKI requirements, the management board maintained the coronavirus crisis

management introduced in 2020. The aim here was to ensure the implementation of current, strategic and operational measures to protect our company, employees and customers during the coronavirus crisis. In this context, an internal coronavirus vaccination centre was set up for employees and their families in cooperation with the BAD. In addition, two PCR test devices were approved by management in order to be able to carry out internal coronavirus tests (PCR) quickly and preventively together with our company paramedics and the BAD.

### Our corporate health management

We offer medical care, company sports activities for physical fitness, workplace design as well as mental health services. For example, we offer sports groups, discounts for gyms and other health promotions. There are also regular fruit days in the canteen. In addition, employees can have preventive examinations by our medical service.

We are currently introducing a new comprehensive health management system. The following aspects have already been implemented:

- Health promotion
- Disease statistics
- Mental health / mental stress

### Our medical service

The topic of prevention is crucially important in workplace health and safety. Establishing a solid culture of prevention empowers people to think and act preventively and helps ensure that health and safety are lived in the company as a matter of course and carried over into everyday activities. This leads to increased motivation and satisfaction, fewer accidents at work and a better quality of work. That is why at Gühring we work with a competent consultant who advises us on all matters relating to workplace health and safety and healthcare. The medical service also supports us in organising first aid in the company as well as in selecting and testing personal protective equipment, and in health screenings or vaccinations. We attach particular importance

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to consultations on the interrelation between our own work and the health of individual employees.

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### GRI 403

During the reporting period, no violations of laws and regulations in the social and economic area were identified.

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### GRI 419

## 4.5 Social responsibility

For decades, at Gühring we have been pursuing the vision of a socially responsible commercial company known for employing people with disabilities.

For example, the Berlin location has a partnership-based cooperation with workshops for people with disabilities. The location there works with a total of eight different workshops with varying activities for the employees and the different workshops. Employees' tasks include labelling, unpacking, operating machines, batching, serving in the canteen and sorting tools. A total of approx. 160 employees work for us in the individual workshops and on our factory premises. Due to the high support staff ratio, we achieve a high level of quality through these employees. The topic of inclusion in particular plays an important role for us. The integration of people with disabilities is therefore a given for us.

As we have not only outsourced the work, but also anchored a disability workshop directly in one of our plants, we attach great importance to the design of these workplaces. For example, a move and expansion of the Mosaik disability workshop took place during the reporting period. Around 80 employees from the workshops work at the location itself.

By moving to approx. 1,200 m<sup>2</sup>, we doubled our capacity. The disability accessible workplaces have been refurbished; a new laser marking system has been integrated and new disability accessible changing and sanitary rooms have been established. This investment in the ex-

pansion of the workshop is therefore essential not only for our company, but also for the employees of the Mosaik disability workshop.

We have also been cooperating with Mariaberg e.V. in Gammertingen for years, a charitable organisation that enables people with disabilities to work in workshops.

Since 2011, Mariaberg employees have been working on adjustments and repairs to internal factory transport racks. Since 2019, the wood packaging of our PCD tools (polycrystalline diamond) has been reprocessed there by people with disabilities.

This means that not only can the packaging be reused, but we also support people in our region.

The success of this way of thinking and acting is demonstrated by accolades including the Integration Prize from the City of Berlin, which is awarded for outstanding commitment to the integration of people with disabilities into professional life, and the Federal Order of Merit awarded to Dr Jörg Gühring.

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### GRI 203, GRI 413-1



**General standard information**

Organisational profile

- 102-1 **Name of the organisation**  
Chapter 1.1 Company profile
- 102-2 **Activities, brands, products and services**  
Chapter 1.1 Company profile
- 102-3 **Location of headquarters**  
Chapter 1.1 Company profile
- 102-4 **Locations of operations**  
Chapter 1.1 Company profile
- 102-5 **Ownership and legal form**  
Chapter 1.1 Company profile
- 102-6 **Markets served**  
Chapter 1.1 Company profile
- 102-7 **Scale of the organisation**  
Chapter 1.1 Company profile
- 102-8 **Information on employees and other workers**  
Chapter 1.1 Company profile
- 102-9 **Supply chain**  
Chapter 1.1 Company profile
- 102-10 **Significant changes to the organisation and its supply chain**  
Chapter 2.3 Supply chain responsibility
- 102-11 **Precautionary principle or approach**  
Chapter 1.2 Corporate policy  
Chapter 1.4 Sustainability management
- 102-12 **External initiatives**  
Chapter 1.5 Materiality process and stakeholder management
- 102-13 **Membership of associations**  
Chapter 1.5 Materiality process and stakeholder management

Strategy

- 102-14 **Statement from senior decision-maker**  
Message from the Executive Board
- 102-15 **Key impacts, risks and opportunities**  
Chapter 1.6 Opportunities and risk management

Ethics and integrity

- 102-16 **Values, principles, standards, and norms of behaviour**  
Chapter 1.2 Corporate policy  
Chapter 1.3 Corporate Governance & Compliance

- 102-17 **Mechanisms for advice and concerns about ethics**  
Chapter 1.2 Corporate policy

Governance

- 102-18 **Governance structure**  
Chapter 1.1 Company profile  
Chapter 1.4 Sustainability management
- 102-36 **Process for determining remuneration**  
The collective agreements relevant to the company's operations for employees in the metal industry in Südwürttemberg / Hohenzollern, as amended, are applicable.
- 102-37 **Stakeholders' involvement in remuneration**  
The applicants' views on remuneration are considered during the recruitment process as much as possible. Trade unions must be involved in the event of non-compliance with industry-wide collective agreement.

Stakeholder engagement

- 102-40 **List of stakeholder groups**  
Chapter 1.5 Materiality process and stakeholder management
- 102-41 **Collective bargaining agreements**  
Chapter 4.1 Remuneration policies
- 102-42 **Identifying and selecting stakeholders**  
Chapter 1.5 Materiality process and stakeholder management
- 102-43 **Approach to stakeholder engagement**  
Chapter 1.5 Materiality process and stakeholder management
- 102-44 **Key topics and concerns raised**  
Chapter 1.5 Materiality process and stakeholder management

Reporting practice

- 102-45 **Entities included in the consolidated financial statements**  
About this report
- 102-46 **Defining report content and topic boundaries**  
Chapter 1.5 Materiality process and stakeholder management
- 102-47 **List of material topics**  
Chapter 1.5 Materiality process and stakeholder management
- 102-48 **Restatements of information**  
Occasionally, levies and key figures from the previous year's report were corrected. These are marked accordingly.
- 102-49 **Changes in reporting**  
About this report

Appendix: GRI Index – GRI 102-55

102-50	<b>Reporting period</b> About this report
102-51	<b>Date of most recent report</b> About this report
102-52	<b>Reporting cycle</b> About this report
102-53	<b>Contact point for questions regarding the report</b> About this report
102-54	<b>Claims of reporting in accordance with the GRI Standards</b> About this report
102-55	<b>GRI content index</b> Appendix: GRI-Index
102-56	<b>External assurance</b> About this report

**Economic performance indicators**

Economic performance

201 / 103	<b>Management approach disclosures</b>
201-2	<b>Financial implications and other risks and opportunities due to climate change</b> Chapter 1.6 Opportunity and risk management

Market presence

202 / 103	<b>Management approach disclosures</b> Chapter 4.1 Employees
202-1	<b>Ratios of standard entry level wage by gender compared to local minimum wage</b> Chapter 4.1 Employees
202-2	<b>Proportion of senior management hired from the local community:</b> 100% of the senior management comes from the country of the operations within Gühring.

Indirect economic impacts

203 / 103	<b>Management approach disclosures</b>
203-2	<b>Significant indirect economic impacts</b> Chapter 4.5 Social responsibility

Procurement practices

204/ 103	<b>Management approach disclosures</b> Chapter 2.3 Supply chain responsibility
204-1	<b>Proportion of spending on local suppliers</b> Chapter 2.3 Supply chain responsibility

Anti-corruption

205 / 103	<b>Management approach disclosures</b>
205-1	<b>Operations assessed for risks related to corruption</b> Our operations are not audited.
205-2	<b>Communication and training about anti-corruption policies and procedures</b> Part of our sustainability training
205-3	<b>Confirmed incidents of corruption and actions taken</b> There are no known breaches in the reporting period.

Anti-competitive behaviour

206/ 103	<b>Management approach disclosures</b> Chapter 2.3 Supply chain responsibility
206-1	<b>Legal actions for anti-competitive behaviour anti-trust, and monopoly practices</b> There were no known incidents during the reporting period.

Taxes

207 / 103	<b>Management approach disclosures</b> Chapter 1.3 Corporate governance and compliance
207-1	<b>Approach to tax</b> Chapter 1.3 Corporate governance and compliance
207-2	<b>Tax governance, control, and risk management</b> Chapter 1.3 Corporate governance and compliance
207-3	<b>Stakeholder engagement and management of concerns related to tax</b> Chapter 1.3 Corporate governance and compliance
207-4	<b>Country-by-country reporting</b> As a group parent company, Gühring KG is obligated to present its country-by-country reporting to the German fiscal authorities. Gühring KG naturally fulfils this obligation to the extent required by law.

**Environmental performance indicators**

Materials

- 301 / 103 **Management approach disclosures**  
Chapter 2.3 Supply chain responsibility
- 301-1 **Materials used by weight or volume**  
Chapter 2.3 Supply chain responsibility
- 301-2 **Recycled input materials used**  
Chapter 2.3 Supply chain responsibility
- 301-3 **Reclaimed products and their packaging materials**  
Chapter 3.3 Waste management and recycling

Energy

- 302 / 103 **Management approach disclosures**  
Chapter 3.2 Use of resources
- 302-1 **Energy consumption within the organisation**  
Chapter 3.2 Use of resources
- 302-4 **Reduction of energy consumption**  
Chapter 3.2 Use of resources

Water

- 303 / 103 **Management approach disclosures**  
Chapter 3.2 Use of resources
- 303-5 **Water consumption**  
Chapter 3.2 Use of resources

Biodiversity

- 304 / 103 **Management approach disclosures**
- 304-1 **Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**  
During the planning and execution of construction projects, measures that may result from the respective requirements and classifications of protected areas for the particular project are closely coordinated with the relevant environmental and regulatory authorities during the construction permit process.
- 304-2 **Significant impacts of activities, products and services on biodiversity**  
See previous comment
- 304-3 **Habitats protected or restored**  
See previous comment

- 304-4 **IUCN Red List species and national conservation list species with habitats in areas affected by operations**  
Not applicable to Gühring KG.

Emissions

- 305 / 103 **Management approach disclosures**  
Chapter 3.2 Use of resources
- 305-1 **Direct (Scope 1) GHG emissions**  
Chapter 3.2 Use of resources
- 305-2 **Energy indirect (Scope 2) GHG emissions**  
Chapter 3.2 Use of resources

Waste

- 306 / 103 **Management approach disclosures**  
Chapter 3.3 Waste management and recycling
- 306-1 **Waste generation and significant waste-related impacts**  
Chapter 3.3 Waste management and recycling
- 306-2 **Management of significant waste-related impacts**  
Chapter 3.3 Waste management and recycling
- 306-3 **Waste generated**  
Chapter 3.3 Waste management and recycling
- 306-4 **Waste diverted from disposal**  
Chapter 3.3 Waste management and recycling
- 306-5 **Waste directed to disposal**  
Chapter 3.3 Waste management and recycling

Environmental compliance

- 307 / 103 **Management approach disclosures**  
Chapter 3.1 Environmental management
- 307-1 **Waste generation and significant waste-related impacts**  
Chapter 3.1 Environmental management

Supplier environmental assessment

- 308 / 103 **Management approach disclosures**  
Chapter 2.3 Supply chain responsibility
- 308-1 **New suppliers that were screened using environmental criteria**  
Chapter 2.3 Supply chain responsibility
- 308-2 **Negative environmental impacts in the supply chain and actions taken**  
Chapter 2.3 Supply chain responsibility



**Social performance indicators**

Employment

- 401 / 103 **Management approach disclosures**  
Chapter 4.1 Employees
- 401-1 **New employee hires and employee turnover**  
Chapter 4.1 Employees
- 401-2 **Benefits provided to full-time employees that are not provided to temporary or part-time employees**  
Chapter 4.1 Employees  
There is no distinction between part-time and full-time employees.
- 401-3 **Parental leave**  
Chapter 4.1 Employees

Labour/management relations

- 402 / 103 **Management approach disclosures**  
Chapter 4.1 Employees
- 402-1 **Minimum notice periods regarding operational changes**  
Chapter 4.1 Employees

Occupational health and safety

- 403/ 103 **Management approach disclosures**  
Chapter 4.4 Workplace health and safety standards
- 403-1 **Occupational health and safety management system**  
Chapter 4.4 Workplace health and safety standards
- 403-2 **Hazard identification, risk assessment, and incident investigation**  
Chapter 4.4 Workplace health and safety standards
- 403-3 **Occupational health services**  
Chapter 4.4 Workplace health and safety standards
- 403-4 **Worker participation, consultation, and communication on occupational health and safety**  
Chapter 4.4 Workplace health and safety standards
- 403-5 **Worker training on occupational health and safety**  
Chapter 4.4 Workplace health and safety standards
- 403-6 **Promotion of worker health**  
Chapter 4.4 Workplace health and safety standards  
Voluntary services are not offered to non-salaried employees.

- 403-7 **Prevention and mitigation of occupational health and safety impacts directly linked by business relationships**  
Chapter 4.4 Workplace health and safety standards
- 403-8 **Workers covered by an occupational health and safety management system**  
Chapter 4.4 Workplace health and safety standards
- 403-9 **Work-related injuries**  
Chapter 4.4 Workplace health and safety standards
- 403-10 **Work-related ill health**  
Chapter 4.4 Workplace health and safety standards

Training and education

- 404/ 103 **Management approach disclosures**  
Chapter 4.2 Training and education
- 404-1 **Average hours of training per year per employee**  
Chapter 4.2 Training and education
- 404-2 **Programs for upgrading employee skills and transition assistance programs**  
Chapter 4.2 Training and education
- 404-3 **Percentage of employees receiving regular performance and career development reviews**  
Chapter 4.2 Training and education

Diversity and equal opportunity

- 405/ 103 **Management approach disclosures**  
Chapter 4.3 Diversity and equal opportunity
- 405-1 **Diversity of governance bodies and employees**  
Chapter 4.3 Diversity and equal opportunity
- 405-2 **Ratio of basic salary and remuneration of women to men**  
No distinction, as remuneration is based on job description and evaluation.

Non-discrimination

- 406/ 103 **Management approach disclosures**  
Chapter 4.3 Diversity and equal opportunity
- 406-1 **Incidents of discrimination and corrective actions taken**  
Chapter 4.3 Diversity and equal opportunity

Appendix: GRI Index – GRI 102-55

Freedom of association and collective bargaining

407/ 103 **Management approach disclosures**

Chapter 1.2 Corporate policy

407-1 **Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk**

There was no violation of the right to freedom of association and collective bargaining during the reporting period.

Child labour

408/ 103 **Management approach disclosures**

Chapter 1.2 Corporate policy

408-1 **Operations and suppliers at significant risk of incidents of child labour**

There were no incidents of child labour or forced or compulsory labour during the reporting period.

Forced or compulsory labour

409/ 103 **Management approach disclosures**

Chapter 1.2 Corporate policy

409-1 **Operations and suppliers at significant risk for incidents of forced or compulsory labour**

There were no incidents of child labour or forced or compulsory labour during the reporting period.

Security practices

410/ 103 **Management approach disclosures**

Chapter 2.3 Supply chain responsibility

410-1 **Security personnel trained in human rights policies or procedures**

Chapter 2.3 Supply chain responsibility

Rights of indigenous peoples

411/ 103 **Management approach disclosures**

411-1 **Incidents of violations involving rights of indigenous peoples**

here were no incidents in the reporting period in which the rights of indigenous peoples were violated.

Human rights assessment

412/ 103 **Management approach disclosures**

412-1 **Operations that have been subject to human rights reviews or impact assessments.**

As our operations are located in Germany, observance of human rights is regulated by law.

412-2 **Employee training on human rights policies or procedures**

Training on human rights policies was not given in the reporting period, but is part of the new sustainability training from the 2021 financial year

412-3 **Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening**

No agreements known.

Local communities

413/ 103 **Management approach disclosures**

Chapter 4.5 Social responsibility

413-1 **Operations with local community engagement, impact assessments and development programs**

Chapter 4.5 Social responsibility

Supplier social assessment

414/ 103 **Management approach disclosures**

Chapter 2.3 Supply chain responsibility

414-1 **New suppliers that were screened using social criteria**

Chapter 2.3 Supply chain responsibility

414-2 **Negative social impacts in the supply chain and actions taken**

Chapter 2.3 Supply chain responsibility

Public policy

415/ 103 **Management approach disclosures**

415-1 **Political contributions**

This point is not relevant for Gührling KG. Only occasional, small donations are made to political parties. In 2018 and 2020, for example, no donations were made to political parties.

Appendix: GRI Index – GRI 102-55

Customer health and safety

- 416/ 103 **Management approach disclosures**  
Chapter 2.2 Product quality and customer satisfaction
- 416-1 **Assessment of the health and safety impacts of product and service categories**  
Chapter 2.2 Product quality and customer satisfaction
- 416-2 **Incidents of non-compliance concerning the health and safety impacts of products and services**  
During the reporting period, there were no breaches of regulations or voluntary codes of conduct related to the impact of products and services on the health and safety of our customers.

Marketing and labelling

- 417/ 103 **Management approach disclosures**  
Chapter 2.2 Product quality and customer satisfaction
- 417-1 **Requirements for product and service information and labelling**  
Chapter 2.2 Product quality and customer satisfaction
- 417-2 **Incidents of non-compliance concerning product and service information and labelling**  
Chapter 2.2 Product quality and customer satisfaction
- 417-3 **Incidents of non-compliance concerning marketing communications**  
Chapter 2.2 Product quality and customer satisfaction

Customer privacy

- 418/ 103 **Management approach disclosures**  
Chapter 2.4 Information security and data protection
- 418-1 **Substantiated complaints concerning breaches of customer privacy and losses of customer data**  
Chapter 2.4 Information security and data protection

Socio-economic compliance

- 418/ 103 **Management approach disclosures**  
Chapter 4.4 Workplace health and safety
- 419-1 **Non-compliance with laws and regulations in the social and economic area**  
Chapter 4.4 Workplace health and safety



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The sustainability report is available on our website at:

<https://guehring.com/en/about-us/company/sustainability-at-guehring/>

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