



GÜHRING

Gühring KG Sustainability Report

Financial year 2023



About this report

Gühring is an innovative company in the field of precision tools, where sustainability plays a central role. This report therefore 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 is based on the guidelines of the Global Reporting Initiative (GRI) and has been prepared in accordance with GRI standards. Key issues are divided into four fields of action: 'Strategy and management', 'products and customers', 'the environment', 'employees and society'; these contain the key figures required by GRI, which measure Gühring's sustainability performance. When selecting reporting topics, Gühring is guided by the 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 2022 Sustainability Report was published in December 2023.

The complete GRI index is in an 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 2023 financial year (1 January 2023 – 31 December 2023) of Gühring KG.

The Gühring KG CSR report is published on an annual basis and is available in German and English. In case of doubt, the German report is authoritative. If you have any questions or comments, please contact the Sustainability Officer (**nachhaltigkeitsbeauftragter@guehring.de**).

Unless stated otherwise, all information in this report relates to Gühring KG. The key topics from the GRI index and the 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.

To make the report easier to read, the male or female form is used when referring to persons. This is solely to simplify the language and does not serve to disadvantage the other gender.

GRI 1, GRI 2-3, GRI 2-4, GRI 3

Contents

Introduction to the Gühring organisation 04

Message from the Executive Board	05
Key sustainability figures	06



Strategy and management 07

1.1 Company profile	08
1.2 Corporate policy	09
1.3 Corporate governance and compliance	10
1.4 Sustainability management	12
1.5 Materiality process and stakeholder management	14
1.6 Opportunity and risk management	17



Products and customers 20

2.1 Sustainable products	21
2.2 Product quality and customer satisfaction	22
2.3 Supply chain responsibility	23
2.4 Information security and data protection	25



The environment 27

3.1 Environmental management	28
3.2 Use of resources	28
3.3 Waste management and recycling	31



Employees and society 33

4.1 Employees	34
4.2 Training and education	35
4.3 Diversity and equal opportunity	37
4.4 Occupational safety standards and health protection	37
4.5 Social responsibility	39

Appendix: GRI Index 40

Contact details / legal notice	46
Disclaimer	46





Introduction to the Gühring organisation

Message from the Executive Board
Key sustainability figures

Introduction to the Gühring organisation

Message from the Executive Board
Key sustainability figures

Dear Sir or Madam, dear valued business partners,

The decision is in our hands: We can regard sustainability as an inevitable hurdle that challenges established processes – or we can use sustainable action as a valuable key to overcoming the challenges of the future. At Gühring, we have opted for the second interpretation.

This approach is about much more than achieving economic, environmental and social goals: We have chosen a path that consolidates these goals. A path that allows us to remain economical and competitive without jeopardising the well-being of future generations.

To achieve this, Gühring – as a complete supplier that covers the entire value chain – has many screws it can turn to bring about change. Through our own R&D, in-house coating plants and mechanical engineering teams, we have the resources needed to develop increasingly powerful tools – so that our customers can exceed their past performance. Through services such as initial equipment and tool management, we support and supervise processes with a unique level of expertise. When tools have reached the end of their life, we take care of their refurbishment and close the loop with carbide grades made from 100% recycled material. These innovations not only save valuable resources, but also create space for efficiency and cost advantages that make a real difference.

Sustainable production also calls for sustainable sourcing: If we are customers ourselves, we set clear standards for collaboration. For instance, we actively require our suppliers to comply with our sustainability policy. With this approach, we also want to position ourselves at regional level for the future – around 78% of our current procurement budget is covered by local suppliers.

As an employer, we aim to increase our employees' awareness of and capacity for sustainable action through training. At the same time, we take our social responsibility very seriously by creating a fair working environment for our employees and safeguarding the standard of our quality specialists through comprehensive training and further education opportunities. This is the only way we can achieve the technological progress needed to create and secure jobs over the long term.

Sustainability can only be achieved through collaboration – because even if we are many, it is ultimately the actions of the individual that matter. Let's take this path together and use sustainable action in industry as a driving force to advance our society.

Kind regards,
Oliver Gühring

GRI 102-14



Introduction to the Gühring organisation

Message from the Executive Board
Key sustainability figures



GÜHRING

0

fatalities or serious injuries



2422

employees at Gühring KG



Certifications

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

110,000

articles in the standard range



159

apprentices and trainees

Assuming regional responsibility means setting ourselves up for the future.

S.32 / Employees and society

Environmental thinking and action and the associated assumption of responsibility are fundamental elements of Gühring's corporate policy.

S.26 / The environment



77.9 %

of procurement budget allocated to local suppliers

78 %

of employees covered by collective wage agreements

New carbide grade

Made from **100 %** recycled material



88 %

of our strategic suppliers have signed our sustainability policy

22 %

of employees not covered by collective wage agreements

Strategy & management

- 1.1 Company profile
- 1.2 Corporate policy
- 1.3 Corporate governance and compliance
- 1.4 Sustainability management
- 1.5 Materiality process and stakeholder management
- 1.6 Opportunity and risk management



01

Strategy & management

- 1.1 Company profile
- 1.2 Corporate policy
- 1.3 Corporate governance & compliance
- 1.4 Sustainability management
- 1.5 Materiality process & stakeholder management
- 1.6 Opportunity & risk management

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.

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. For decades, the company has been growing at an above-average rate compared to the market trend. Originally founded in Albstadt in 1898 as a manufacturer of twist drills, Gühring has evolved into one of the world's largest suppliers of machining technology. The company has now been owner-managed for four generations. With 2,422 employees, the company develops, manufactures and sells innovative cutting tools. Gühring is present in all major markets and key industries: Customers in areas such as the automotive, aerospace and mechanical engineering industries rely on the pioneering tools that are manufactured worldwide to the highest uniform quality standards. The company's flat hierarchies help to ensure long-term value creation and an ability to act quickly.

The product range now includes:

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

Gühring's main production plant is in Albstadt-Ebingen. Gühring also runs three other production plants in the Swabian Jura region of Germany and has other facilities in Laiz, Wehingen, Mindelheim, Leverkusen, Ramstein, Neutraubling, Langenhagen, Markt Erlbach, Geislingen an der Steige and Weinsberg.

Our leadership structure is hierarchical:

- Executive Board (GF)
- Division managers
- Plant and department managers
- Area managers and team leaders

The Executive Board's remit covers the company's objectives, corporate policy and the monitoring of management processes. The task of executing and implementing processes is delegated to the division managers. Responsibilities are defined in organisational structure diagrams.

A broad industry presence ensures Gühring's long-term economic viability. Not only does the company have a future-proof presence in the key automotive, aviation and mechanical engineering sectors, but Gühring responds to the requirements of the market, be it electromobility or changes in energy technology. In doing so, Gühring responds to the differentiation of the markets with a differentiation of its products, services and expertise.

GRI 2-1, GRI 2-2, GRI 2-6, GRI 2-9

01

Strategy & management

- 1.1 Company profile
- 1.2 Corporate policy
- 1.3 Corporate governance & compliance
- 1.4 Sustainability management
- 1.5 Materiality process & stakeholder management
- 1.6 Opportunity & risk management

1.2 Corporate policy

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

- 01 | Quality
- 02 | Product/process development
- 03 | Responsibility
- 04 | Suppliers / services
- 05 | Resources
- 06 | Legislation
- 07 | Occupational safety, environmental protection and quality
- 08 | Employees
- 09 | Public / public authorities
- 10 | Code of conduct
- 11 | Energy management

Code of Conduct

Gühring is committed to the ten principles of the United Nations' Global Compact. These principles emphasise not only the obligation to comply with all applicable laws, but also the cooperation of all employees when it comes to encouraging responsible conduct.

Gühring expects its employees to respect the dignity and personal rights of every individual, as well as of all parties affected by the company's activities, business relationships or products. Respect for human rights is deeply anchored in corporate responsibility and is

protected by internal management systems. The company respects freedom of association and recognises the rights to collective bargaining. Gühring strictly rejects all forms of forced labour and child labour and actively works to eliminate discrimination in connection with recruitment or employment.

The company is guided by the precautionary principle when dealing with the environment. At the same time, environmental awareness within the organisation is improved and the development of environmentally friendly technology is actively promoted. Gühring is strongly committed to protecting natural resources by using resources responsibly and focusing on waste prevention and recycling. Gühring expects that its suppliers endeavour to comply with similar environmental standards.

Gühring and its suppliers are committed to creating fair working conditions and promoting diversity and equal opportunities. The recognition of employee representatives and trade unions is an integral part of this. Corruption, including extortion and bribery, must be condemned by both parties. Internal audits are regularly carried out at Gühring to ensure that it is complying with the highest standards of ethical conduct. At the same time, Gühring pursues fair competition.

Through adherence to its Code of Conduct, Gühring follows the principles of the United Nations Global Compact, thus supporting the world's largest and most important initiative for responsible corporate governance. In this way, 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.

GRI 407, GRI 408, GRI 409

01

Strategy & management

- 1.1 Company profile
- 1.2 Corporate policy
- 1.3 Corporate governance & compliance
- 1.4 Sustainability management
- 1.5 Materiality process & stakeholder management
- 1.6 Opportunity & risk management

1.3 Corporate governance & compliance

Responsible and lawful conduct is an integral part of Gühring's corporate policy. The company's compliance management structures aim to ensure compliance with the law and the integrity of all activities. The obligation to comply with existing laws and regulations with no exceptions is a matter of course for Gühring.

The Compliance Policy therefore aims to ensure a high level of integrity and consistency. It sets out the fundamental requirements for the conduct of every employee. This policy is designed to serve as a guideline for all Gühring employees when answering ethical and legal questions correctly and appropriately and preventing potential conflicts of interest. The policy is a binding framework for all organisational units.

The Guideline for Collaboration at Gühring encompasses various central principles that form the basis for the corporate culture. In this context, diversity and equal opportunities play a crucial role by promoting an inclusive work environment. Another focus is on occupational health protection, which is guaranteed by safe and healthy working conditions. A respectful working environment and respect for the rights of employee representatives and trade unions are fundamental aspects of company practice.

The Guideline also addresses the prevention of conflicts of interest and sets clear standards for the integrity of business practices. The protection of assets and the confidential handling of sensitive information are integral parts of compliance. In addition, clear guidelines are set out for information security and data protection as well as the responsible use of artificial intelligence.

In the field of social responsibility, Gühring is committed to respecting human rights and rejects child and forced labour. The company

respects the rights of minorities and indigenous peoples. Environmental and energy management principles emphasise its commitment to sustainable production processes.

The principles for relationships with business partners include promoting fair competition and rejecting corruption and bribery. Transparent processes are ensured, including those related to the handling of gifts, invitations, donations and the dual control principle for processes. The company also fulfils all legal obligations to combat money laundering, supports whistleblowing and protects against retaliation.

GRI 2-23

Whistleblower system

If employees or other parties find themselves in a situation where they wish to report 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.

In order to facilitate access to complaints for potential affected parties, further solutions were considered during the reporting period. Software-based applications are good alternatives to existing systems and are being re-evaluated in the context of the German Due Diligence Act.

01

Strategy & management

- 1.1 Company profile
- 1.2 Corporate policy
- 1.3 Corporate governance & compliance
- 1.4 Sustainability management
- 1.5 Materiality process & stakeholder management
- 1.6 Opportunity & risk management

Approach to tax

Gühning 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 Gühning in accordance with the applicable laws (e.g. degressive amortisation, dispensing with capitalisation of parts of manufacturing costs that are not subject to capitalisation).

Legally permissible leeway is discussed internally on the assumption of the above-mentioned prerequisites 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 employees of the Finance and Accounting Department. Before being sent to the tax office, written approval from the Executive Board is required.

A tax compliance tool for value added tax has been used since 2021 to check ongoing business transactions for tax compliance by means of automatic checks. Implausible business transactions (e.g. special cases, recording errors) are reported as findings and manually checked by the responsible employees so that the necessary corrections or measures can be implemented in a targeted and timely manner.

The principle of tax honesty is of great importance at Gühning. 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.

GRI 207

01

Strategy & management

- 1.1 Company profile
- 1.2 Corporate policy
- 1.3 Corporate governance & compliance
- 1.4 Sustainability management
- 1.5 Materiality process & stakeholder management
- 1.6 Opportunity & risk management

1.4 Sustainability management

Organisational anchoring of sustainability in the company

The integration of a wide range of sustainability-related issues has long been an integral part of Gühring's corporate policy. Sustainability is a consistent topic that permeates all areas of the company and is continuously substantiated on the basis of legal and social requirements. To meet these requirements, the "Administration" division in the "Legal & Compliance" department has been assigned responsibility for sustainability. A Sustainability Committee is in place to consolidate all relevant sustainability topics and promote corresponding activities effectively. The Sustainability Committee was created to coordinate all relevant sustainability topics in a targeted manner and to promote the corresponding activities.

The Sustainability Officer is responsible for managing communication on the Sustainability Committee, which consists of representatives from various specialist departments. The committee's primary duty is to report on important topics, which the Sustainability Officer then summarises in the sustainability report.

The sustainability training course for employees has been recorded as a video and is available on the training portal. This has enabled a large number of employees to participate at the same time. The main contents of the training course include definitions of sustainability, compliance, sustainable opportunities and risks, environmental and energy-related aspects, CO₂ accounting and the topic of human rights. The sustainability training course must be completed via the in-house training portal.

Gühring's sustainability approach

The principle of sustainability has long been anchored in Gühring's corporate policy. Topics such as economic, environmental and social issues are an integral part of the company's compliance policy, which is based on the ten principles of the Global Compact.

The responsible use of resources and the environment is a particularly important aspect in the company's sustainability strategy. Gühring's successful business model is geared towards creating opportunities and not

neglecting or jeopardising foundations for future generations. Sustainable business at Gühring extends to all areas of the company, including environmental protection, as well as social, legal and economic aspects.

Gühring is taking another step towards global sustainability development by defining concrete sustainability principles. These form the basis for the 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

01

Strategy & management

- 1.1 Company profile
- 1.2 Corporate policy
- 1.3 Corporate governance & compliance
- 1.4 Sustainability management
- 1.5 Materiality process & stakeholder management
- 1.6 Opportunity & risk management

has been following this principle for a long time: this principle is applied wherever hazardous substances and environmentally hazardous materials, for example, can be replaced by environmentally friendly alternatives.

3| Intergenerational justice

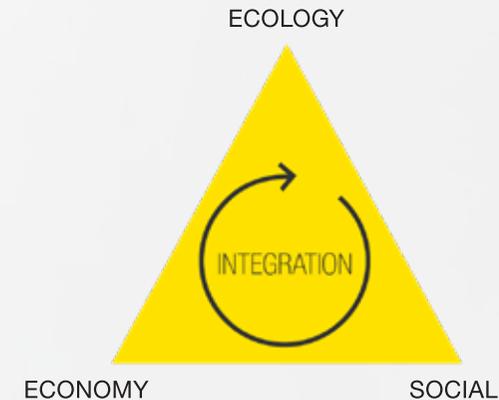
The quality of the ecosystem on earth must be preserved for future generations. Intragenerational justice requires Gühring to think of the future generations and act in such a way that they have the same opportunity to have a functioning ecosystem.

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. The company lives 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 the company abide by its other principles and thus make a contribution to sustainable development.

Gühring's 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 2-11, GRI 2-14, GRI 205-2, GRI 412-2

01

Strategy & management

- 1.1 Company profile
- 1.2 Corporate policy
- 1.3 Corporate governance & compliance
- 1.4 Sustainability management
- 1.5 Materiality process & stakeholder management
- 1.6 Opportunity & risk management

1.5 Materiality process & stakeholder management

Gühning is in contact with its stakeholders on a daily basis. It is therefore important to understand and respond to their expectations and requirements. The company therefore began its materiality process by identifying stakeholders and the associated stakeholder communication. In the next step, it carried out a materiality analysis, which identified the key topics for the company and then presented them in an overview.



Gühning's process for identifying the key topics is based on three steps.

GRI 3

Stakeholder dialogue

Gühning interacts with various stakeholders and stakeholder groups, as can be seen in the figure "Stakeholder groups of Gühning KG".

GÜHRING				
Unternehmen	Kunden- und Geschäftspartner	Staat und Politik	Gesellschaftliche Interessensgruppen	Kapitalmarkt/ Finanzmarkt
Beschäftigte	Kunden	Ämter & Behörden	Anwohner und Nachbarn	Investoren und Analysten
Geschäftsführer/ Gesellschafter	Lieferanten & Dienstleister	Gesetzgeber	Familie	Banken
Beirat	Verbände & Netzwerke	Berufsgenossenschaften	Bewerber	Versicherungen
Betriebsarzt	Auditoren & Zertifizierungsgesellschaften		Gesellschaft & Öffentlichkeit	Krankenkassen
Betriebsrat & Gewerkschaften	Tochtergesellschaften		Hochschulen & Schulen	

Some interest groups are directly affected by the company's activities, while other stakeholders have a direct influence on the company's in-house processes.

Direct contact via messenger services offers an efficient and straight-forward channel for communicating with customers. This option was introduced to enable employees to respond quickly to customer inquiries. Through this direct communication channel, Gühning can ensure that customer requests are dealt with quickly and comprehensively. If necessary, specific information is forwarded to application technicians so that specific questions and requirements can be responded to as effectively as possible and individual customer interests can be addressed.

The Gühning newsletter also serves as a direct link to customers. Interested parties can register online free of charge and receive the latest updates about Gühning and its products straight to their inbox twice a month. This information platform is supplemented by the "Gühning News & Press" web page (<https://guehring.com/ueber-uns/news/>), where the company regularly shares customer stories, product presentations and news about the company.

Gühning also uses the following social media platforms to communicate with customers: Facebook, Instagram, Xing, LinkedIn. Employees are also informed about the most important news from the company via a news section on the Gühning intranet ("Intrex").

In addition to the aforementioned communication channels, Gühning is in dialogue with all of its stakeholders, particularly in the field of sustainability. This dialogue extends across various platforms, including SAQ (Sustainability Assessment Questionnaire) and Integrity Next. By participating in these platforms, the company can actively communicate with stakeholders on sustainability issues, share information and respond to the concerns and expectations of the relevant stakeholders.

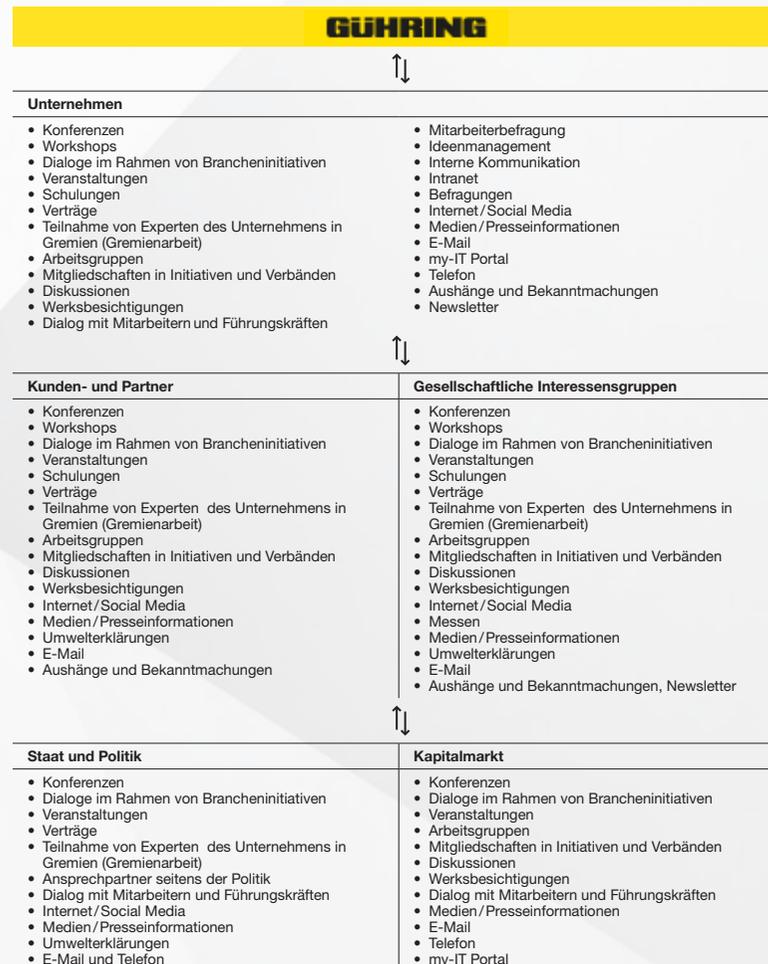
01

Strategy & management

- 1.1 Company profile
- 1.2 Corporate policy
- 1.3 Corporate governance & compliance
- 1.4 Sustainability management
- 1.5 Materiality process & stakeholder management
- 1.6 Opportunity & risk management

These dialogue-oriented approaches help to ensure that Gühring not only provides transparent information about its sustainability practices, but also receives feedback and input from stakeholders in order to continuously develop its corporate sustainability goals.

This graphic shows the dialogue with stakeholders:



GRI 2-29

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. That is why Gühring supports many initiatives and organisations.

List of key memberships and associations

- DIN e.V.
- VDMA Verlag GmbH
- REFA Bundesverband e.V.
- FGMA Maschinenbau e.V.
- IHK (German Chambers of Industry and Commerce)
- The German-speaking SAP User Group (DSAG) e.V.
- Handelsblatt GmbH
- VPP office
- German Engineering Federation (VDMA)
- GFE Society for Manufacturing Technology and Development Schmalkalden e.V.
- Composites United e. V.
- LBZ-BW e.V.
- PLM user group e.V.
- RIF e.V. Institute for Research and Transfer
- Zukunftsorientierte Zerspanung e.V.
- Pädagogischer Fachverlag DW GmbH
- Tekom Deutschland e.V.
- Technology Mountains e.V.
- Gesellschaft zur Förderung
- INPLAS e. V. competence network
- CIRP
- The German Association of Corporate Treasurers (VDT) e.V.
- Ebner Media Group GmbH & Co. KG
- Förderverein Fakultät AMB e.V.
- The Association of German Tool and Mould Makers
- Förderverein Wirtschaft und Technik (Friends of Business & Technology)

GRI 2-28

01

Strategy & management

- 1.1 Company profile
- 1.2 Corporate policy
- 1.3 Corporate governance & compliance
- 1.4 Sustainability management
- 1.5 Materiality process & stakeholder management
- 1.6 Opportunity & risk management

Identification of key topics

A comprehensive materiality analysis was carried out to identify the key topics for the sustainability report. This analysis was verified by all departments during the reporting period and forms the basis for the current sustainability report.

The materiality analysis focused on the internal requirements and expectations of various stakeholders. It focused particularly on the views of stakeholders to ensure that various subject areas could be evaluated. The aim was to prioritise areas of action and core topics. In addition to the targeted management of topics, the purpose of this prioritisation is also to define the contents of the sustainability report.

GRI 3

Results of the materiality analysis

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

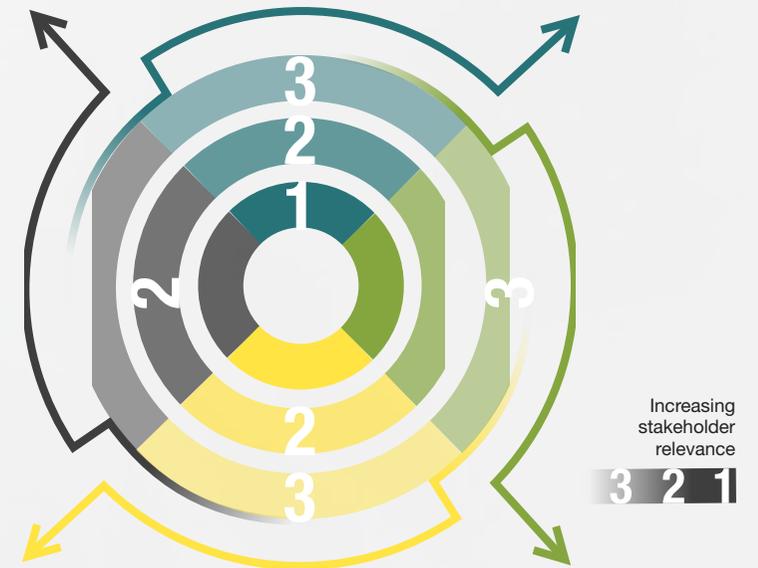
GRI 3

Strategy & management

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

Products & customers

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



Employees and society

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

The environment

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

01

Strategy & management

- 1.1 Company profile
- 1.2 Corporate policy
- 1.3 Corporate governance & compliance
- 1.4 Sustainability management
- 1.5 Materiality process & stakeholder management
- 1.6 Opportunity & risk management

1.6. Opportunity and risk management

In order to identify risks at an early stage, the Gühring Group has established a comprehensive risk management system that covers the group as a whole. All risks 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. Risk management thus offers the opportunity to actively influence risks in good time.

Any business activity is linked to risks. Risk management penetrates and consequently optimises business processes, structures information and initiates the flow of information. The aim of the risk policy is to safeguard the company's existence, optimise the costs of dealing with risks and guarantee the company's success. This is achieved through optimum structuring of the risk portfolio.

At Gühring, strategic planning extends over a period of 10 years. The specialist units assess the core risks annually to ensure that these risks are handled proactively. Risks are summarised in a risk report, which enables the senior management team to make a comprehensive and timely assessment of the risk situation.

At Gühring, the process for identifying and managing risks follows the principle of decentralisation. Risks are recorded and managed wherever they arise or are caused; risk managers in the various functional divisions are responsible for this process. Gühring identifies and manages risks in the specialist departments on a continuous basis. Through the decentralised structure and the involvement of specialist department managers and operational levels in the risk management process, the company achieves consistent awareness of risk-relevant activities or events. This creates a strong level of awareness regarding the potential negative and positive consequences of entrepreneurial activity.

The risk controller initiates preparation of a risk inventory at regular intervals and evaluates it. Cross-functional risks or those of a "global" nature, such as political risks, are also recorded and managed. In principle, the aim is to not only detect obvious risks, but also weak signals that could develop into more serious risks in the sense of an early warning system. The risk controller monitors and evaluates the risk management measures with regard to their effectiveness and economic efficiency. During the risk inventory, risk managers are also required to take appropriate control measures in addition to recording and assessing risks. The risk controller identifies measures that are not expected to have any impact or profitability.

Risks are primarily controlled by the specialist departments through targeted measures. Corporate Controlling monitors the implementation and effect of these measures. Risks that represent an existential threat or could have a significant impact on Gühring's financial strength, reputation, delivery and performance capacity must be reported separately. Serious changes must be reported to senior management without delay. Environmental aspects and risks associated with the effects of climate change (such as storm damage, storms or location-specific situations) are also surveyed and taken into account.

Risk managers continually monitor going concern risks or those with a serious impact throughout the year. Changes must be documented in terms of probability of occurrence and/or extent of loss and, if necessary, communicated to the Corporate Controlling department and the Executive Board without delay. In the event of imminent or acute damage, employees in their respective areas of responsibility are required to take immediate risk management measures.

01

Strategy & management

- 1.1 Company profile
- 1.2 Corporate policy
- 1.3 Corporate governance & compliance
- 1.4 Sustainability management
- 1.5 Materiality process & stakeholder management
- 1.6 Opportunity & risk management

Gühring's risk management structures are 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.

In the future, Gühring is planning to tap into more opportunities through targeted efficiency projects in the respective specialist departments. The identification and exploitation of opportunities will be more firmly anchored in the operational units, whereby the implementation and completion of efficiency projects is expected to make a significant contribution. This approach not only promotes the integration of sustainable practices into Gühring's daily business processes, but also strengthens company-wide responsibility for identifying and implementing positive development opportunities. With this focus on efficiency projects as part of opportunity management, Gühring contributes to promoting a sustainable and responsible corporate culture.

GRI 2-13

Major opportunities and risks to future development

In order to identify risks at an early stage, the Gühring Group has established a comprehensive risk management system that covers the group as a whole. All risks 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. Risk management thus offers the opportunity to actively influence risks in good time.

As an integral component of risk management, the internal audit is a control system that monitors the operational processes throughout the Gühring group for compliance with guidelines and legal regulations.

The trend to substitute HSS tools with carbide models continued in 2023 and we also expect this to continue in the future. Nevertheless, the Gühring group is able to maintain its market share in HSS tools due to its production technology (complete machining of tools). The company's share of sales revenue from 'superhard tools' (carbide and PCD) has steadily increased in recent years, making the Group decreasingly 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 will continue to be a growth market in future, particularly due to rising prosperity, especially in highly populated regions such as China, India and Africa. According to the company's assessments, the shift away from pure combustion engines to a predicted drive system mix of combustion, hybrid and electric motors opens up new potential for machining. Hybrid motors require significantly more machining than the combustion engine. Due to the combination of our expected market growth and the composition of the drive system mix, growth in machining is expected 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 complete supplier of cutting tools for years.

In order to further diversify the Gühring Group and thus increase its independence from the automotive industry, additional industry sales areas are being established. This will allow the company to tap into, develop and expand the existing market potentials in an effective, specific and target-group oriented way.

01

Strategy & management

- 1.1 Company profile
- 1.2 Corporate policy
- 1.3 Corporate governance & compliance
- 1.4 Sustainability management
- 1.5 Materiality process & stakeholder management
- 1.6 Opportunity & risk management

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, fell continuously in 2023 in several small increments. The binder material cobalt, which is required for carbide production in addition to tungsten carbide powder, experienced a similar price trend and fell almost 35% on a USD basis over the first five months. After that, the price initially increased by 25% again. At the end of the year, the price was at a very low level of around USD 14/lb.

Since the Gühring Group is both a consumer and a producer of hard materials, this creates the opportunity to further reduce the raw material costs by recycling our own scrap metal and scrap/secondary raw materials bought back from customers. Our aim, also in the context of sustainability, is to further promote this circular economy in the future.

The price of high speed steel increased by approximately 10% in the first half of the year due to the rising price of molybdenum (increase since October 2022). The upward trend was cushioned by a slight decline in the quoted price for vanadium and cobalt as well as a stronger euro against the US dollar. From the third quarter onwards, high speed steel prices fell again due to decreasing prices for molybdenum, vanadium and scrap. Cumulatively, prices at the end of 2023 are 1% cheaper than at the end of 2022. For 2024, there is a chance that the price will be reduced again due to lower order levels at manufacturers. Price risks remain in place for alloying elements and in exchange rate developments.

To minimise the interest rate risks from the loans to finance the usual operating resource requirements, hedging agreements with various maturities were concluded with different banks. In this respect, Gühring KG is already addressing the identifiable risks early and extensively. In addition, foreign exchange hedging transactions were entered into for the incoming foreign currencies.

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 & customers

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

2.1 Sustainable products

For machining, coating or refurbishing: Gühring solutions are aimed at reducing requirements while increasing performance. Durability and reduced consumption of resources, whether they be operating resources, energy or raw materials, ultimately mean lower pollutant emissions, more efficient production, lower process costs and more sustainability. The basis for these successes stems from the high importance Gühring places on the high quality of its products and services.

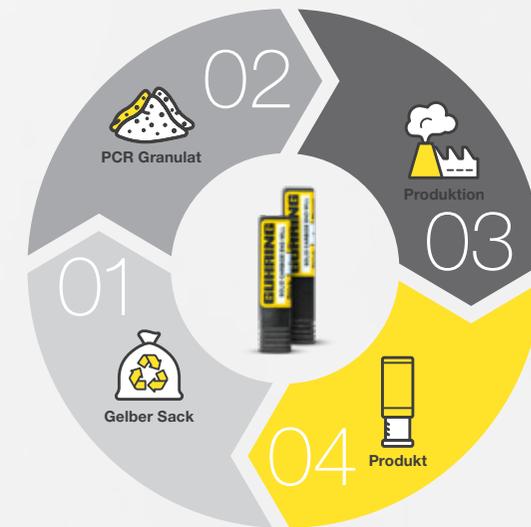
In 2023, 53% of the product packaging was replaced with packaging made from recycled plastic. The packaging is made from a special type of plastic made from 100% recycled plastic waste. This makes Gühring the first German tool manufacturer to use recyclate for its packaging – and saves the environment 234 tonnes of newly produced plastic every year.

Most of global plastic waste ends up in landfill or directly in the environment. That's why Gühring wants to use more sustainable alternatives and stop participating in the plastic flood. And just as the tool manufacturer is constantly on the lookout for new innovations in the field of cutting tools, Gühring now also wants to break new ground when it comes to packaging.

Gühring delivers 95% of its products in plastic packaging. That is because plastic is the only material able to perfectly protect the high-quality cutting tools from damage and reactions with other elements during transport. Gühring thought about how it could get its precision tools safely to the customer and still protect the environment. The answer it found was recyclable packaging solutions made from 100% recycled plastic.

The raw material for this packaging forms what is known as post-consumer recyclate (PCR). This is made from plastic waste, which private households in Germany dispose of via the yellow bag recycling scheme and machines for returning plastic bottles.

With 41,280,000 pieces of packaging leaving the Gühring plants every year, this switch will save 234 tonnes of new plastic per year in the future. Compared to conventional plastic, the production of PCR plastic also results in approx. 1.3 tonnes less CO₂. As a result, Gühring is reducing its CO₂ emissions in the area of packaging by 77% thanks to the switch.



The circular economy is a multi-actor process that flows as follows: If customers receive their Gühring product by delivery, they remove the tool from its protective sleeve and dispose of the plastic packaging with recyclable plastic waste in their "yellow bags" (the plastic recycling scheme in Germany). These bags also collect empty PET bottles, yogurt pots and all other forms of household plastic waste. This waste is collected by a service provider, differentiated in size, sorted by type of plastic, ground, washed, melted, filtered and processed into PCR granules. There is no picking and choosing of the highest quality plastic; all plastic waste from the yellow bag is used and converted into a new valuable resource.

02

Products & customers

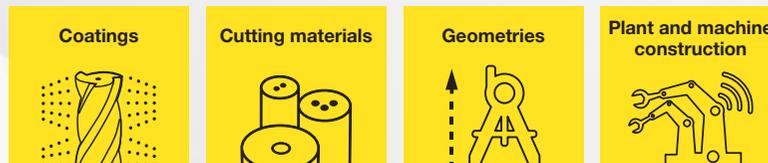
- 2.1 Sustainable products
- 2.2 Product quality & customer satisfaction
- 2.3 Supply chain responsibility
- 2.4 Information security & data protection

The granules are bought by other companies and processed into new packaging. The functionality of PCR packaging is in no way inferior to conventional plastic packaging: It is very robust, can absorb shocks and provide effective protection against moisture, dust and oil. When it comes to price, Gühring customers will not notice the new sustainable solution, but instead receive a free “environmental bonus” on top of their tools, so to speak.

The only feature that sets sustainable packaging apart from conventional packaging is the colour: Due to the raw material, the recycle has a grey colour instead of the previous black – and this is not just for visual reasons: Although it is generally possible to dye the material during processing, Gühring does not take this step for the purposes of sustainability.

2.2 Product quality and customer satisfaction

In the company’s efforts to achieve the highest product quality, the “zero defects” strategy is the highest goal. Gühring achieves this product quality particularly due to its great extensive depth of production, which is unique in the industry and a major factor in the company’s success. At Gühring, all the skills required for tool manufacturing are consolidated under one roof.



Through its functioning quality management system, Gühring guarantees safe processes and flawless products and services. At the same time, it safeguards the labelling and traceability of products and the associated documentation. Gühring preempts product risks by drawing on empirical values, conducting incoming materials inspections, cost-utility analyses, drilling tests, and commercial and technical feasibility tests, and only using approved suppliers, the latest technical documentation, qualified personnel and continuously calibrated measuring instruments.

In order to ensure that customers are provided with all legally required product and service information and the corresponding labels, Gühring has defined detailed guidelines for the handling of information and labels in one of its workflows. The company strictly adheres to these requirements for all products to ensure compliance with all regulations and laws. In this way, Gühring not only prevents possible violations in this context, but also guarantees that its products are used safely. No breaches relating to product information or labelling were identified during the reporting period. Similarly, no violations related to marketing and communication were identified in the reporting period.

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

Customer satisfaction is significantly influenced by the concept of “quality” in the customers’ perception. That is why an outstanding level of quality has applied to all products since the company was founded. By consistently pursuing this goal, Gühring has succeeded in achieving a leading market position in the cutting tools sector. The company is actively committed to a quality management system that corresponds to the high standards of its products. This quality management system is an ever-evolving system in which employees and management drive to bring about continuous improvement. Gühring’s systems are certified in accordance with ISO 9001 / VDA 6.4 / ISO 14001 / ISO 45001 and ISO 50001. Customer requirements are also successfully met in other fields such as automotive/aviation, as reflected in customers’ first-class reviews.

By applying quality inspection specifications, an error rate is determined internally from the total of all manufactured tools. If customers still have reason to complain, Gühring records all customer problems in detail, analyses the underlying cause and initiates efficient continuous improvement measures using the 8D method.

Customer satisfaction index

The annual customer satisfaction index provides the company with rele-

02

Products & customers

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

vant information about customer-specific key figures. This index includes, for example, supplier evaluations from customers, the complaint rate, training for external customers, delivery reliability as well as the quotation success rate. The percentage improvements in recent years demonstrate the company's 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 commercial and technical sales representatives and locations guarantees Gühring the highest level of support and fast response times. The company has its own sales network of sales representatives and product managers. Tool solutions not only consist of the company's standard range but also of complex tools individually manufactured according to customer requirements.

2.3 Supply chain responsibility

Gühring KG is committed to respecting human rights and protecting the environment. The company's management has set itself the goal of respecting, protecting and promoting human rights and the environment along the entire value creation chain.

The principles of the human rights and environment strategy apply throughout Gühring's entire field of business and must be observed by management and employees while performing the tasks assigned to them. Gühring expects all business partners to comply with human rights and environmental obligations. Respecting and upholding human rights and environmental obligations is the basic prerequisite for cooperation with Gühring.

The consideration of social and ecological aspects in the supply chain is not only in line with national and international laws, but also a central objective that is anchored in Gühring's Sustainability Policy. All strategic suppliers are encouraged to acknowledge and confirm these guidelines.

Supplier management

Gühring KG is committed to sustainable action and social responsibility, in particular within the framework of the Supply Chain Due Diligence Act (LkSG). The company has taken comprehensive measures to actively combat human rights violations, pollution and opaque supply chains. The implementation of the Supply Chain Due Diligence Act is not only a legal obligation, but a central component of corporate responsibility.

Effective risk management, clear responsibilities and the appointment of a human rights officer are the cornerstones of the strategy. Gühring carries out comprehensive risk analyses with regard to compliance with human rights and environmental obligations within its own area of business and with its direct suppliers. Preventive measures are systematically defined and implemented, while the human rights strategy sets out clear guidelines.

Sustainability is not only a long-term strategic success factor for Gühring, but also for its suppliers. The company attaches particular importance to establishing a common performance standard for responsible business operations. At Gühring, sustainability is not just a commitment, but a central element of the company's self-image and corporate strategy. This is based on ethical values such as integrity, fairness and respect.

The Sustainability Guideline for Suppliers, the human rights strategy policy statement and the General Terms and Conditions of Purchase set out clear requirements for cooperation. International human rights, the rejection of forced labour and child labour, the prevention of corruption and a sustainable approach to the environment and employees are fundamental principles. Gühring encourages suppliers to disseminate these guidelines throughout their entire supply chain and actively promote compliance with them.

02

Products & customers

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

Gühring KG remains determined to further improve its sustainable practices and is committed to transparent and ethically responsible supply chain management. These aspirations are not only a response to legal requirements, but an integral part of its corporate culture and strategy for long-term business success.

A total of 88% of strategic suppliers have already confirmed the Sustainability Policy in the reporting period. Gühring has a strong interest in further improving this figure. That is why it only selects suppliers from whom it can expect integrity, honesty and ethical behaviour.

Supplier audits are conducted regularly to review these criteria. In addition, a software solution for ongoing risk assessment has been introduced to support Central Purchasing in complying with the aforementioned topics. Furthermore, a complaints management system has been set up, which is available through our homepage, for reporting violations anonymously.

GRI 308-1, GRI 308-2, GRI 408, GRI 409, GRI 414

In addition to the evaluation of suppliers, various criteria are also reviewed every time capital goods are purchased or procured. 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, Gühring also tries to support local suppliers where possible. During the reporting period, local suppliers accounted for 77.9% of the total procurement budget. As we have numerous facilities throughout Germany, suppliers from Germany are considered to be local suppliers.

Year	2023	2022	2021
Percentage spend on local suppliers	77.9%	74.9%	77.2%

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

With regard to our service providers, Gühring also attaches 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, all external companies are required to apply the workplace health and safety and environmental protection instructions for external companies and to train employees on the content.

Reach

The handling of chemicals at Gühring is regulated in compliance with the REACH Regulation. This regulation governs the introduction, manufacture and use of all chemicals at the European level and is intended to protect human health and the environment.

Conflict minerals

The issue of conflict minerals in the supply chain is an issue that the company has been dealing with for a long time. This is a significant social risk in supply chains, especially in the metal industry. At Gühring, the purchase of tungsten as a conflict mineral is 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, Gühring only sources its raw materials from approved suppliers who guarantee extraction without these risks. Therefore, written confirmation is obtained from all suppliers to assure that all raw materials are free from conflict minerals, comply

02

Products & customers

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

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 Gühring products. Carbide for the production of tools is produced using predominantly tungsten and cobalt powder or granules. In order to consider social, economic and ecological aspects, Gühring relies primarily on recycled raw materials here. At the same time, attention is also paid to packaging materials. For example, a large proportion of the plastic packaging for products is already made from recycled materials.

Buyback of carbide

When used carbide tools are refurbished, they are converted into reusable powders through various processes. Used end products are thus reused as a raw material and recycled. Every year, Gühring buys back carbide, which can be reprocessed into recycled powder and reuse it for new products. In addition, there are agreements in place with customers, ensuring the material cycle for these carbide products is closed.

However, before the process step of recycling is carried out, Gühring offers its customers the option of reconditioning special tools in service centres so that the product's tool life is extended. Recycling therefore only starts at a later stage. Tools are reprocessed in service centres. Customers don't have to worry about anything; a pick-up and delivery service ensures on-time logistics. The refurbishment to original quality and subsequent recoating ensures maximum cost-effectiveness.

GRI 301-2

2.4 Information security and data protection

Information and data are of great value to the company. In order to adequately protect this value, information security and data protection are becoming increasingly important at Gühring. While information security protects all information assets (data on employees, customers, expertise, etc. in digital and analogue form), the topic of data protection focuses on

the protection of personal data and thus overlaps with the topic of information security. In addition, the topic of IT security, with the protection of IT infrastructure, is a key focus in order to ensure the security of all data through technical and organisational measures. Through the integration of these topics, they are managed in a harmonised management system to make use of synergy effects.

Various information is exchanged as part of Gühring's cooperation with customers and suppliers. To ensure the protection of this information, the company uses an information security management system. The Chief Information Security Officer (CISO) is responsible for coordinating and implementing the 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. Gühring thereby ensures that the essential protection objectives are met: availability, integrity and confidentiality. Complementary IT risk analyses facilitate adequate protection through proactive measures of both a technical and organisational nature. The Corporate Information Security Policy sets out internal principles and structures. The Information Security Policy is reviewed on an ongoing basis and updated as required.

For a long time now, technical and organisational measures have not been sufficient to ensure information security. In particular, the employees of a company are the last line of defence and therefore require special attention. For this reason, Gühring regularly conducts phishing campaigns and security training for all employees.

Along with information security, the topic of data protection is also an important issue that Gühring deals with. With increasing digitalisation worldwide, but also within the company itself, there is an increasingly strong focus on the right to informational self-determination of each individual. This applies to employees as well as customers and suppliers. Technical and organisational measures have also been taken in order to adequately protect personal data and to enable the company to comply with legal regulations, which have been updated and in some cases significantly changed due to the General Data Protection Regulation. The in-house data protection guidelines define the processes, responsibilities

02

Products & customers

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

and structures of the 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 the central Group Data Protection Officer.

In addition to maintaining processes, 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. 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. Gühring's 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 defined processes and the requesting agency is informed of events and possible measures.

GRI 418-1



The 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 & recycling

The integration of environmental thinking and action and the associated assumption of responsibility is a fundamental element of Gühring's corporate policy. When aligning its business practices, Gühring attaches particular importance to taking environmental protection aspects into account when designing new products. The company is committed to complying with all national and international environmental regulations.

3.1 Environmental management

Gühring KG is certified in accordance with the 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 the environmental protection policy through training courses and notices. Any deviations are logged and recorded in an audit report, and corrective action is taken immediately. All managers and employees are familiar with the environmental protection policy through training courses and notices. For external parties, the corporate policy is accessible on the Gühring website. In addition, external companies are informed about corporate policy by means of a specific brochure.

Employees have the option of completing advanced personal training in various fields, both via the internal learning management system (training portal) and the Gühring Academy. Among other things, this training portfolio includes training on sustainability, which also includes aspects of environmental management. Separate training in environmental management is also offered individually as required. Gühring attaches particular importance to the practical relevance of environmental management (according to ISO 14001) in business operations. The aim is to promote a comprehensive understanding of this management system and the key success factors for its implementation.

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

GRI 307-1

3.2 Use of resources

Prioritising the responsible use of resources is of the utmost importance for Gühring, as many of these resources are limited. The sustainable use of natural resources in particular represents a major challenge. The company is fully aware of this responsibility and therefore focuses particularly on effective energy management and measures to reduce greenhouse gas emissions.

Energy management

Reduce energy requirements, increase energy efficiency

Gühring aims to achieve this goal throughout the company and across all certified business divisions. This includes in the workplace, in the procurement of goods, in the company's own services, in the distribution of products and in the design of systems. This is why the aim is to ensure that energy requirements are reduced over the long term and, as a result, that energy performance is improved. The company primarily pursues this objective in production by way 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. The same applies to the personal conduct of all employees.

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

To implement these principles, an energy management system in accordance with DIN EN ISO 50001 is maintained at the company headquarters. Energy audits in accordance with DIN EN 16247 are carried out at other locations. The necessary information and suitable means are made available in order to achieve the energy targets. These are constantly monitored, evaluated and improved as needed. Furthermore, regular checks are carried out as to whether the necessary financial and structural requirements and resources are ensured in order to achieve the specified targets.

In summary, this means that Gühring meets its customers' sustainability requirements and also meets its own targets, reduces its energy costs

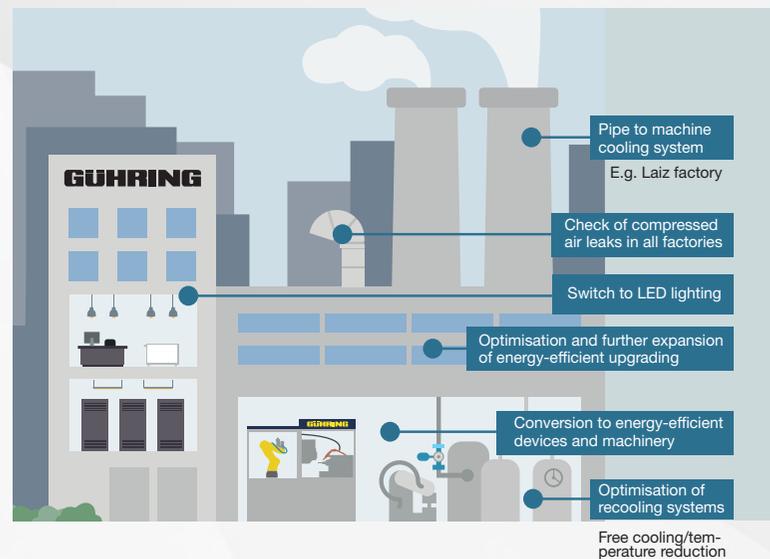
03

The environment

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

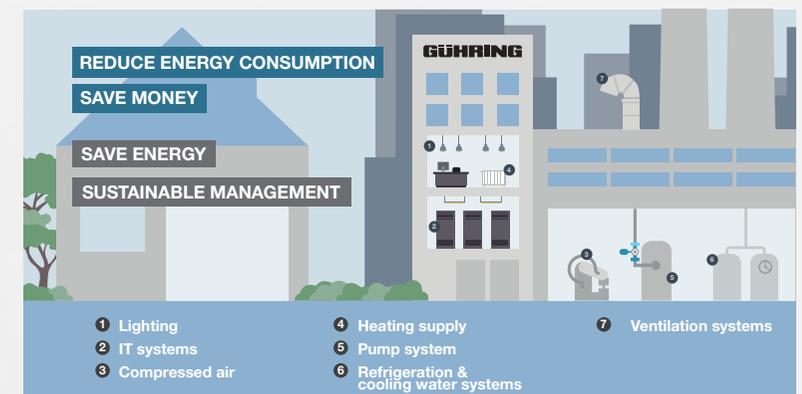
and also reduces carbon emissions. This is why the company is particularly focused on targets and measures to improve energy efficiency. These measures include, for example, regular checking for leaks in the compressed air systems in all plants and switching to lighting systems made of LED lights in production halls and offices. The optimisation and further expansion of energy-efficient upgrades is also being continuously examined. For this reason, Gühring relies, for example, on the conversion of energy-efficient devices, systems and machines and the optimisation of building technology, such as recooling systems, compressors, refrigeration systems, heating systems, etc. To give an example, measures were applied in relation to the central process refrigeration system and heat recovery for the compressors at the Laiz site in recent years, leading to considerable energy savings and thus also CO2 savings. Best practice examples such as these are then also evaluated at other locations and implemented if necessary.

GRI 302-4



Another example of how Gühring is approaching the reduction of its energy consumption is a concept for energy-efficient driving. Trips with company vehicles are a relevant energy factor, especially at Gühring. 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 in the company, employee training on this topic is offered and expanded on a continuous basis. To train employees more efficiently, a training video is available on the internal e-learning portal.

It is important for Gühring to teach employees that each individual 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 must be created. In light of this, 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 a training video, flyers, mailshots, brochures and newsletters, this topic is already included in the induction plan during the induction of new employees. The company aims to reach all employees with target-group oriented communication.



03

The environment

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

Energy consumption ¹	2021	2022	2023
Electricity (in kWh)	44,682,178	42,461,923	40,517,820
Natural gas (in kWh)	9,495,347	7,889,812	7,128,508
Heating oil (in kWh)	641,330	21,407	170,194
Fuel (in kWh)	10,638,858	13,153,289	12,126,870
Total (in kWh)	65,457,713	63,526,431	59,943,392

¹Only the energy consumption of the parent company Gühring KG is shown here.

GRI 302 – 1

Emissions – Carbon footprint

Gühring published its CO₂ emissions for the first time in the 2020 financial year and has been continuously focusing on transparency ever since by disclosing its CO₂ emissions annually in its sustainability report. The company's long-term goal is to continuously capture and reduce all emissions. Gühring is guided by the ambitious objectives of the EU Commission and the United Nations: by 2050, Europe is aiming to become the first CO₂-neutral continent and implement the prevent global average warming from exceeding 2°C by 2030.

In the recording and accounting of greenhouse gases, Gühring carefully differentiates between direct and indirect emissions and classifies them into three “scopes” in accordance with the GHGP (Green House Gas Protocol). A significant innovation in 2023 is that Scope 3 emissions are now also recorded in the transport and distribution field. This includes the upstream and downstream transportation of sold goods as well as business trips.

This extension underlines Gühring's commitment to comprehensive and detailed accounting for CO₂ emissions and demonstrates its ongoing mission to continuously expand the determination of Scope 3 emissions and to include additional fields. This continuous improvement process underlines the desire to expand the scope of sustainability efforts.

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 creation chain
(e.g. purchased goods and services, use of sold products)

Carbon footprint

Scope 1: direct greenhouse gas emissions

CO₂ emissions in kg for heating oil, natural gas, diesel fuels

	2021	2022	2023
Heating oil (in kg CO ₂)	161,992	6,722	53,441
Natural gas (in kg CO ₂)	1,918,060	1,585,852	1,432,629
Diesel (in kg CO ₂)	2,667,747	3,827,990	3,759,330
Total emissions (in kg CO₂)	4,747,800	5,420,564	5,245,400

Scope 2: indirect greenhouse gas emissions

CO₂ emissions in kg for purchased electricity

	2021	2022	2023
Electricity (in kg CO ₂)	17,962,236	15,541,064	14,829,522
Total emissions kg CO₂ (Gühring KG) Scope 1 & 2	22,710,035	20,961,627	20,074,922

Scope 3: indirect greenhouse gas emissions

CO₂ emissions in kg for transport and distribution

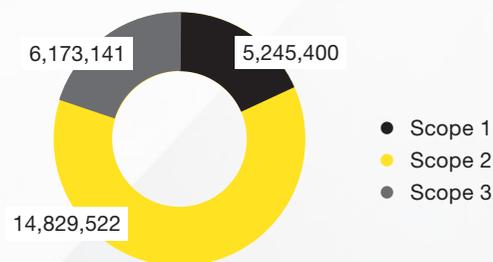
	2023
Upstream + downstream transportation of sold goods	5,613,630
Business trips	559,511
Total emissions kg CO₂ (Gühring KG) Scope 3	6,173,141

03

The environment

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

CO₂ emissions 2023 (in kg):



GRI 305-1, GRI 305-2

Emissions in logistics

At Gühring, the goals of reducing emissions and reducing costs in logistics are in harmony. The economic and environmental goals in the area of transport/logistics do not create a conflict of objectives; Gühring believes 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 CO₂.

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 service providers, 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 customers by the agreed time.

Water and waste water

The resource water is needed both at Gühring's sites and for the manufacture of products. We therefore strive to keep water consumption at a low level wherever possible.

Water consumption	2021	2022	2023
Fresh water in m ³	18,779	18,193	13,079
Waste water in m ³	18,779	18,193	12,345

GRI 303-3, GRI 303-4

3.3 Waste management and recycling

The topics of waste and recycling are two related topics at Gühring. The 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 for both the company and its customers, Gühring has been working on the topic of recycling for a long time.

Waste

The company only works with qualified companies when it comes to waste disposal. At all specified locations, these are the certified waste disposal companies. The Waste Management Officer is responsible for verifying the proper disposal of waste. In this way, the company ensures that changes in laws are identified and implemented in compliance with the law. 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, legal and environmen-

03

The environment

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

tally friendly recycling/disposal are considered. Waste is separated, in accordance with the municipal regulations, in labelled bins marked with different colours. Each 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. This is also checked in SOS audits and retraining is provided where necessary.

Our waste consists of:

Waste generation and disposal (in t)	2021	2022	2023
Hazardous waste	620	480	515
Non-hazardous waste	560	520	417

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

We work with a service provider to meet legal obligations 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.

Dual system (sales packaging) in t	2021	2022	2023
Plastics	4.242	4.046	4,028
Paper / cardboard / cartons	0.32	0.305	0.303

Transport packaging (in t)	2021	2022	2023
PE film	6.363	6.074	4.025
Paper / cardboard / cartons	34.430	32.866	32,699
PE/PP canister			0.397

The service provider collects the transport packaging from 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 customers who dispose of them via these systems.

Recycling of carbide waste

By recycling its own raw materials, such as carbide scrap or carbide sludge, Gühring makes its contribution to the circular economy.

When recycling carbide, the company has the waste products processed by its service providers in such a way that they can be returned to the material cycle. Since Gühring is a consumer of carbide, this offers the opportunity to save resources.

GRI 306-4

Recycled packaging materials

Every type of packaging in general, and also at Gühring, 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 Gühring likes to use an alternative. wooden packaging. Wooden packaging is made from renewable raw materials and can be reused several times.

The refurbishing and recycling of wooden packaging from the PCD production line (polycrystalline diamond) is therefore an example of how Gühring is dealing with the issue of packaging. For Gühring, recycling means that the packaging comes back from the customer, is reconditioned and then reused.

Thanks to the high quality of the wood packaging, it can be reconditioned and reused. This not only saves valuable resources, but also reduces waste generated by customers. Since 2019, the company has been sanding and refurbishing wooden packaging crates for finished tools that are retrieved from the customer so that they can be reused.

GRI 301-1



Employees & society

- 4.1 Employees
- 4.2 Training and education
- 4.3 Diversity and equal opportunity
- 4.4 Occupational safety standards and health protection
- 4.5 Social responsibility



04

Employees & society

- 4.1 Employees
- 4.2 Training & education
- 4.3 Diversity & equal opportunity
- 4.4 Occupational safety standards & health protection
- 4.5 Social responsibility

As a company, Gühring has a special responsibility for our employees and society. The company fulfils this social responsibility both in its treatment of employees and as a regional employer. Assuming regional responsibility means setting Gühring up for the future. It is not only about attracting, retaining and supporting employees from the regions, but also about the further development of the region. Gühring offers its employees attractive conditions and individual development opportunities. Gühring is pursuing the vision of a socially responsible commercial company.

4.1 Employees

Skilled employees are a company's most important resource. Gühring KG currently employs 2,422 people. Personal development opportunities, a healthy working environment and the opportunity to combine work and family life are just some of the factors that Gühring focuses on with its employees.

Overview of the employee structure:

	2021	2022	2023
 Female:	511	497	516
temporary:	12	6	5
permanent:	499	491	511
 Male:	1866	1819	1906
temporary:	15	24	35
permanent:	1851	1795	1871
Total employees	2377	2316	2422

The Employee Satisfaction Index (MI) is adjusted annually at Gühring so that the company can make as accurate statements as possible with regard to employee satisfaction. Various criteria for employee satisfaction are measured and compared with previous years. Criteria studied include length of company service, sickness rate, investments in occupational 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.

The satisfaction of employees is also reflected in a stable staff turnover rate. The staff turnover rate has been relatively stable for years and ranges between 4 and 6%. In the reporting period, it was 4.23*%.

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

GRI 401-1

Gühring offers various benefits for its employees. For instance, employees are offered convalescent leave, meal allowances, shopping vouchers / shopping discounts, home office/company apartments and other benefits. The individual benefits can all be called up quickly and easily via the Gühring Corporate Benefits App or on a browser. 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 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:

	2021	2022	2023
covered	79%	78%	78%
not covered	21%	22%	22%

GRI 2-19 GRI 2-20

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 Gühring employees.

GRI 402-1

04

Employees & society

- 4.1 Employees
- 4.2 Training & education
- 4.3 Diversity & equal opportunity
- 4.4 Occupational safety standards & health protection
- 4.5 Social responsibility

Parental leave

At Gühring, female as well as male employees have the opportunity to take parental leave. In this way, the company ensures that the Federal Parental Allowance and Parental Leave Act is enforced. During the reporting period, 103 employees were on parental leave.

GRI 401-3

4.2 Training and education

At Gühring, great importance is attached to quality training and education. That is why the company offers 12 different technical apprenticeships and business training courses, ranging from industrial mechanics to precision tool mechanics to industrial business management and IT with various specialisations.

Due to the increasing importance of digitalisation, new training opportunities are also constantly emerging at Gühring, such as the training course to become e-commerce business professionals, which has been offered since 2019, or the DH “Media Design” study course launched in 2022 and the “Technical IT” study course available from 2024. As at 1 January, Gühring had more than 159 apprentices and trainees and dual study students in 14 different apprenticeships or courses.

Number of apprentices and trainees in January	2021	2022	2023
Commercial (4 skilled professions)	28	24	21
Technical (3 skilled professions)	135	118	116
Degree (4 dual courses, 2 combined courses)	24	21	22
Total	187	163	159

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

But Gühring offers 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.

Pupils and students are given the opportunity to complete internships or write their final thesis at various locations. In 2023, two Bachelor’s theses were written in the Legal and Compliance department, focusing on the accounting of Scope 3 emissions. This work contributed to advancing understanding and expertise in comprehensive emissions accounting.

A practical semester in the field of law provided a practical insight into the legal aspects of sustainable business practices. The integration of students into practical projects not only enhanced their academic knowledge but also contributed to the development of effective compliance strategies and legal frameworks for sustainable business practices.

The regional connection is particularly important when it comes to recruiting new trainees and apprentices, as it allows Gühring to participate in all major trade fairs in the area around its training locations. With a booth and a team of several apprentices and trainees from the various vocations and study programmes, Gühring informs potential applicants directly, personally and in dialogue about the opportunities at the company. Gühring also goes directly to schools and presents the training options and study programmes there as part of a lesson. The 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.

In 2023, the Master’s students on the business administration and management course took part in a project to implement artificial intelligence (AI) at Gühring. The focus was on laying the foundations

04

Employees & society

- 4.1 Employees
- 4.2 Training & education
- 4.3 Diversity & equal opportunity
- 4.4 Occupational safety standards & health protection
- 4.5 Social responsibility

for integrating AI technology into the company's business processes. Through their research and analysis, the students contributed to identifying the potential of AI at Gühring and developed practical approaches for its integration into company process. This initiative marks a step towards innovative use of AI in the business context and underlines students' commitment to applying state-of-the-art technology to increase business efficiency.

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 Gühring's human resources development. Gühring pursues 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 its employees' skills, Gühring offers internal training through its LMS, where it specifically utilises internal speakers. The LMS is available to all employees with SAP access. We hold, for example, onboarding events, product training, compulsory training and we present specific departments.

Of course, Gühring also offers employees the opportunity to receive further training externally. The company is 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, for example. This involves, for example, management training or sales training. A total of 9,408 training hours took place in the reporting period.

In order to provide 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. Gühring creates 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. The company's daily work benefits from this diversity.

Irrespective of individual differences, everyone is entitled to fair and equal treatment, and to be protected 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's has a responsibility to contribute to this and to create a fair environ-

04

Employees & society

- 4.1 Employees
- 4.2 Training & education
- 4.3 Diversity & equal opportunity
- 4.4 Occupational safety standards & health protection
- 4.5 Social responsibility

ment in which discrimination does not stand a chance. This requires a high degree of openness, tolerance and integrity 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, the Compliance Officer 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 employees
U30 male	325	1
U30 female	92	1
30-50 male	959	24
30-50 female	276	10
50+ male	622	60
50+ female	148	9

GRI 405-1

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

GRI 406-1

4.4 Occupational safety standards and health protection

At Gühring, occupational safety standards and health protection are of great importance. The central Quality Assurance Department is responsible for occupational safety standards and the HR department is responsible for health protection. Thus, safe workplaces and health promotion are an integral part of the company.

Awareness of and compliance with legal requirements and standards on the subject of occupational safety ensure safe work processes. The basis for this is a management system for occupational safety, which has been introduced at the headquarters in Albstadt in accordance with ISO 45001. At all locations, the company continuously improves occupational safety standards through annual health and safety inspections. Risk assessments identify all relevant hazards to which employees may be exposed. Appropriate measures are taken to identify these hazards at an early stage and to prevent accidents and obstructions. Safety officers work in cooperation with the medical service and management staff to take responsibility for this.

At Gühring, protective measures generally meet the STOP principle:

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

First the company checks whether hazardous substances can be replaced by less critical substances. If this is not possible, technical measures for hazard prevention are reviewed and implemented

04

Employees & society

- 4.1 Employees
- 4.2 Training & education
- 4.3 Diversity & equal opportunity
- 4.4 Occupational safety standards & health protection
- 4.5 Social responsibility

where possible. The complete elimination of residual risks through organisational measures and also personal measures are the last two steps in providing employees with a healthy and safe working environment. All employees take part in the annual occupational safety training sessions. The manager who keeps a corresponding training record of the measure is responsible for this and also for reviewing its effectiveness. 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). Consultation and discussion on a wide range of workplace safety and accident prevention issues takes place in these meetings. The avoidance of hazards and risks is also reviewed in the annual internal audits.

Developments in recent years show that the frequency of accidents is steadily decreasing. This underlines the effectiveness of the various measures in the field of workplace safety, such as training and raising employee awareness.

	2021	2022	2023
Fatalities	0	0	0
Severe injuries	0	0	0
Work-related injuries	29	27	25

Hazardous situations

In the event of a hazardous situation or an emergency occurring on business premises, an expanded alarm plan has been rolled out. 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, Gühring ensures that there is a quick and systematic response in the event of an emergency. Thanks to disciplined and coordinated organisation in the event of an unusual event, this means that there are no hectic or chaotic circumstances in the event of an alarm. This ensures the greatest possible level of safety for all employees.

Corporate health management

Gühring provides a wide range of health measures, including medical care, company sports to increase physical performance, workplace design measures and initiatives to promote good mental health. In this context, various sports groups, discounts for gyms and other health-promoting support are offered. In addition, regular fruit days are organised in the canteen to promote healthy eating. In addition, employees can also make use of preventive examinations by the medical service.

The following aspects are embedded in Gühring's health management system:

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

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 Gühring works with a competent consultant who advises the company on all matters relating to workplace safety and healthcare. In addition to providing advice on all matters related to occupational health and safety, the medical service supports accident prevention, the planning of occupational health and safety measures, the design of workplaces, the working environment, work procedures and the organisation of work. The medical service also provides support in the organisation of first aid in the company, the selection and testing of personal protective equipment as well as in preventive examinations or vaccinations. Gühring attaches particular importance to consultations on the interrelation between its own work and the health of individual employees.

GRI 403

04

Employees & society

- 4.1 Employees
- 4.2 Training & education
- 4.3 Diversity & equal opportunity
- 4.4 Occupational safety standards & health protection
- 4.5 Social responsibility

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

GRI 419

4.5 Social responsibility

For decades, Gühring has 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. Employees' tasks include packing, labelling, unpacking, operating machines, batching, serving in the canteen and sorting tools. A total of around 160 employees work in the individual workshops and on Gühring plant premises. Due to the high support staff ratio, these employees achieve a high standard of quality. The topic of inclusion in particular plays an important role for Gühring. The integration of people with disabilities is therefore a given for the company.

Since Gühring not only outsources work, but has also established a workshop for people with disabilities directly in its own plants, the company attaches great importance to the design of these workplaces. For example, a move and expansion of the Mosaik disability workshop took place in 2020. Around 80 employees from the workshops work at the location itself.

By moving to a space of approx. 1,200 m², the company doubled its 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 expansion of the workshop is therefore essential not only for the company, but also for the employees of the Mosaik disability workshop.

Gühring has 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 PCD tools (polycrystalline diamond) has been reprocessed there by people with disabilities. This means that the packaging can be reused and people from the region can be supported.

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.

GRI 203, GRI 413-1

General standard information

Organisational profile

2-1	Organisational profile Chapter 1.1 Company profile
2-2	Entities included in the organisation's sustainability report Chapter 1.1 Company profile
2-3	Reporting period, reporting frequency and point of contact About this report
2-4	Correction or restatement of information About this report
2-5	External assurance About this report
2-6	Activities, value chain and other business relationships Chapter 1.1 Company profile
2-7	Salaried employees Chapter 4.1 Employees
2-8	Non-salaried employees N/A
2-9	Management structure and composition Chapter 1.1 Company profile
2-10	Nomination and selection of the highest governance body Chapter 1.4 Sustainability management
2-11	Chair of the highest governance body N/A
2-12	Role of the highest governance body in overseeing the management of impacts N/A
2-13	Delegation of responsibility for impact management Chapter 1.6 Opportunities and risk management
2-14	Role of the highest governance body in sustainability reporting Chapter 1.4 Sustainability management
2-15	Conflicts of interest N/A
2-16	Communication of critical concerns Chapter 1.3 Corporate governance and compliance
2-17	Knowledge accumulated by the highest governance body Chapter 1.4 Sustainability management
2-18	Evaluation of the performance by the highest governance body N/A

2-19	Remuneration policy Chapter 4.1 Employees
2-20	Process for determining remuneration Chapter 4.1 Employees
2-21	Annual total compensation ratio N/A
2-22	Statement on sustainable development strategy Message from the Executive Board
2-23	Policy commitments Chapter 1.3 Corporate governance and compliance
2-24	Embedding policy commitments Chapter 1.5 Materiality process and stakeholder management
2-25	Processes to remediate negative impact Chapter 1.3 Corporate governance and compliance
2-26	Mechanisms for seeking advice and raising concerns Chapter 1.3 Corporate governance and compliance
2-27	Compliance with laws and regulations Chapter 1.3 Corporate governance and compliance
2-28	Membership of associations Chapter 1.5 Materiality process and stakeholder management
2-29	Approach to stakeholder engagement Chapter 1.5 Materiality process and stakeholder management
2-30	Collective bargaining agreements Chapter 4.1 Employees
3-1	Process for defining key topics Chapter 1.5 Materiality process and stakeholder management
3-2	List of material topics Chapter 1.5 Materiality process and stakeholder management
3-3	Management of key topics Chapter 1.5 Materiality process and stakeholder management

Economic performance indicators

Economic performance

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

Market presence

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

Indirect economic impacts

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

Procurement practices

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

Anti-corruption

- 205/103 **Management approach disclosures**
- 205-1 **Operations assessed for risks related to corruption**
Gühring's operations are not audited
- 205-2 **Communication and training about anti-corruption policies and procedures**
Part of the sustainability training programme
- 205-3 **Confirmed corruption incidents and actions taken**
There were no known incidents during the reporting period.

Anti-competitive behaviour

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

Taxes

- 207/103 **Management approach disclosures**
Chapter 1.3 Corporate governance and compliance
- 207-1 **Approach to tax**
Chapter 1.3 Corporate governance and compliance
- 207-2 **Tax governance, control, and risk management**
Chapter 1.3 Corporate governance and compliance
- 207-3 **Stakeholder engagement and management of concerns related to tax**
Chapter 1.3 Corporate governance and compliance
- 207-4 **Country-by-country reporting**
As the Group's parent company, Gühring KG is required to make country-by-country reporting available to the German tax 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

- 302/103 **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 Gühning 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 **Non-compliance with environmental laws and regulations**
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 safety and health protection

- 403/103 **Management approach disclosures**
Chapter 4.4 Occupational safety standards and health protection

- 403-1 **Management system for occupational safety and health protection**
Chapter 4.4 Occupational safety standards and health protection
- 403-2 **Hazard identification, risk assessment, and incident investigation**
Chapter 4.4 Occupational safety standards and health protection
- 403-3 **Occupational health services**
Chapter 4.4 Occupational safety standards and health protection
- 403-4 **Worker participation, consultation, and communication on occupational safety and health protection**
Chapter 4.4 Occupational safety standards and health protection
- 403-5 **Worker training on occupational safety and health protection**
Chapter 4.4 Occupational safety standards and health protection
- 403-6 **Promotion of worker health**
Chapter 4.4 Occupational safety standards and health protection
Voluntary services are not offered to non-salaried employees.
- 403-7 **Prevention and mitigation of the occupational safety and health protection impacts directly linked by business relationships**
Chapter 4.4 Occupational safety standards and health protection
- 403-8 **Workers covered by an occupational health and safety management system**
Chapter 4.4 Occupational safety standards and health protection
- 403-9 **Work-related injuries**
Chapter 4.4 Occupational safety standards and health protection
- 403-10 **Work-related ill health**
Chapter 4.4 Occupational safety standards and health protection

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

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**
There 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**
Human rights policy is part of our sustainability training
- 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 Gühring KG. Only occasional, small donations are made to political parties.
In 2023, 5,000 euros were donated to political parties.

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 and 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 Occupational safety and health protection

419-1 **Non-compliance with laws and regulations in the social and economic area**
Chapter 4.4 Occupational safety and health protection

Contact details / legal notice

Publisher:

Gühring KG

Herderstrasse 50-54

72458 Albstadt

Germany

Tel: +49 7431 17 – 0

Fax: +49 7431 17 – 21279

www.guehring.cominfo@guehring.denachhaltigkeitsbeauftragter@guehring.de

Project manager:

Uwe Petzendorfer

Report author:

Nina Vidovic

Christine Naumann

The sustainability report is available on the Gühring website at:

<https://guehring.com/ueber-uns/unternehmen/nachhaltigkeit-bei-guehring/>.

Disclaimer

We have taken great care in collecting and processing the data contained in this report. Nevertheless, errors cannot be completely ruled out. Insofar as, in addition to retrospective considerations, this report also contains statements on future developments, these emanate from the information currently available and assumptions based on current forecasts. Even though the latter have been prepared very carefully, a variety of factors that are currently unforeseeable can lead to deviations. Any forward-looking statements in this report are therefore not to be taken as guaranteed.