GÜHRING

Gühring KG
Sustainability Report

Financial year 2022

About this report

Gühring is an innovative company in the field of precision tools. Sustainability plays a central role for the company. 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 Sustainability Report 2021 was published in September 2022.

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 2022 financial year (1 January 2022 – 31 December 2022) 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.

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Contents

Introduction to the Gühring organisation

Message from the Executive Board
Key sustainability figures

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

Sustainability is not a goal, but a way of life. At Gühring, we see it as our task to shape the path to satisfying the needs of our customers and employees – without affecting the needs of future generations. This requires forward-looking corporate guidance, which strikes a harmonious balance between environmental, social and economic aspects. So, how do we achieve this at Gühring? Through progress.

Advances in technology enable us to produce ever increasingly more powerful products. Combined with the opportunities offered by Industry 4.0, we help our customers become more efficient every day. Or, to put it another way: We help ourselves and others to reduce raw materials, energy consumption and toxic emissions while increasing productivity and competitiveness at the same time.

We also focus on progress in the responsible use of resources. Thanks to our depth of production, this generates versatile opportunities to explore savings potential here. One example of this is the refurbishment of our tools and our after-sales coating service. We close the loop by recycling carbide. By switching to recycled packaging, we are not only saving tonnes of newly produced plastic, but also 77 percent of CO_2 emissions in the field of packaging.

Sustainability is a process in which everyone's actions count. This also means: If you want to produce sustainably, you have to buy sustainably. That's why we demand and make sure that all our suppliers comply with the same social and ethical standards that we set for ourselves as a benchmark. We also raise awareness among our employees through annual training courses. We are committed to advancing each individual's mindset and believe that these joint efforts can make a real difference.

Together, we are committed to progress and a sustainable future.
Make sure you are part of it.

Kind regards,
Oliver Gühring

GRI 102-14

GÜHRING

0
fatalities or serious
injuries

2316
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

163
apprentices
and trainees

Assuming regional responsibility
means setting ourselves up for
the future.

p. 33 / Employees and society

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

p. 26 / The environment

74,9 %
of procurement budget
allocated to local suppliers

78 %
of employees
covered by
collective wage
agreements

**New grades
of carbide**

Made from
100 %
recycled material

78 %
of our strategic suppliers
have signed our
sustainability policy

22 %
of employees
not covered by
collective wage
agreements

Strategy and management

01

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. From its headquarters in Albstadt, Gühring has developed from a manufacturer of twist drills into one of the world's largest complete suppliers in machining technology since its founding in 1898. Gühring has now been owner-managed for four generations. With 2316 employees, the company develops, manufactures and sells innovative cutting tools. Gühring is present in all major markets and key industries: Customers in the automotive, aerospace and mechanical engineering industries rely on the leading-edge tools that are manufactured worldwide to the highest uniform quality standards. Flat hierarchies allow us to achieve long-term added value and act quickly.

The product range now includes:

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

Gühring's main production plant is in Albstadt–Ebingen. Gühring operates a further three production plants in the Swabian Alb.
There are also facilities in Laiz, 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.

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

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.

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

Gühring safeguards the protection of international human rights. The internal management systems ensure that the company is not complicit in human rights violations. The company respects freedom of association and recognises the rights to collective bargaining.

Gühring firmly rejects all forms of forced or child labour and actively advocates the elimination of discrimination in recruitment or at work. The principle of taking precautionary measures is decisive when dealing with the environment. At the same time, it promotes greater awareness throughout the company and supports the development of environmentally friendly technologies. As a company, Gühring rejects all forms of corruption, including extortion and bribery, and counters them with internal audits.

Gühring has based its code of conduct on the UN Global Compact and, in this way, supports the world's largest and most important initiative for responsible corporate governance. With this, Gühring is contributing to the vision and mission of an inclusive and sustainable global economy for the benefit of all people, communities and markets, both today and into the future.

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GRI 407, GRI 408, GRI 409

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1.3 Corporate governance and compliance

Responsible and lawful conduct is an integral part of Gühring's corporate policy. Compliance management aims to ensure compliance with the law and the integrity of all activities. The obligation to comply with existing laws and regulations is a matter of course for Gühring.

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

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

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GRI 2-23

Approach to tax

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

The tax strategy should ensure that business decisions are not regularly made on the basis of primarily taxation considerations. If flexibility is permitted within the scope of voting rights, this is generally used to benefit Gühring 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 Gühring. Employees in the Finance and Accounting Department and from other company divisions regularly participate in training events and are urged to openly communicate information on possible required actions or even errors to the respective department manager or directly to the Executive Board. Special cases or cases of doubt are checked for possible tax consequences and discussed and agreed upon with the tax consultants.

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GRI 207

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1.4 Sustainability management

Organisational anchoring of sustainability in the company
A wide range of sustainability aspects have long been anchored in Gühring's corporate policy. Sustainability is a multi-disciplinary topic that runs through all areas of the company and is always substantiated by legal and social requirements. To meet these requirements, the Sustainability team is part of the "Administration" division in the "Legal & Compliance" department. A sustainability committee was established in 2020 in order to achieve and promote a targeted grouping of all key sustainability topics and all sustainability-related activities. Sustainability management was also expanded in 2021 to include a sustainability officer.

The sustainability officer chairs the sustainability committee. The committee itself is made up of various representatives from the departments. Reporting on key topics is the Sustainability Committee's main task. The sustainability officer summarises these reports in the sustainability report.

The sustainability training course for employees was recorded as a video during the reporting period and uploaded to the training portal. This enabled a large number of employees to complete the training course at the same time. The core content includes: The definition of sustainability, compliance, sustainable opportunities and risks, environmental and energy aspects, CO_2 balancing, data protection and the topic of human rights. In future, all employees will complete the sustainability training course each year using the internal training portal.

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

Use of resources and environmental management in particular are crucial for the company's sustainability strategy. That is why Gühring ensures that its successful business model is designed in such a way that the opportunities and foundations for future generations are not neglected or jeopardised. At Gühring, sustainable economic management is relevant to all areas of the company: it is about environmental protection, but also about social, legal and economic issues.

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

Our four principles of sustainability
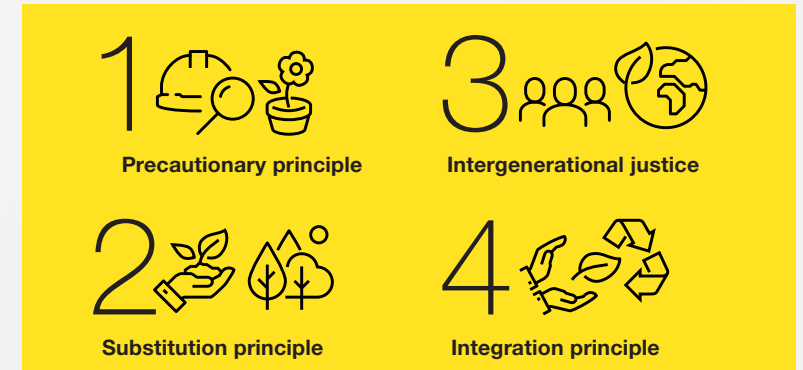
1| Precautionary principle
Possible environmental impact and damage to the environment and people should be pre-emptively prevented or reduced as far as possible. Gühring follows precisely this principle when dealing with environmental and health aspects. Potential hazards are considered and assessed 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.

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2| Substitution principle

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

ECOLOGY

INTEGRATION
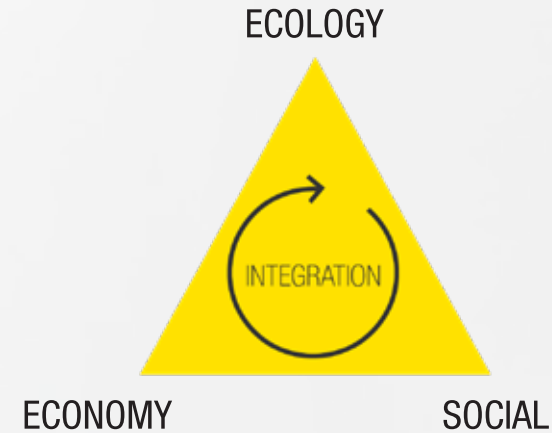
ECONOMY   SOCIAL

- 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.

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GRI 2-11, GRI 2-14, GRI 205-2, GRI 412-2

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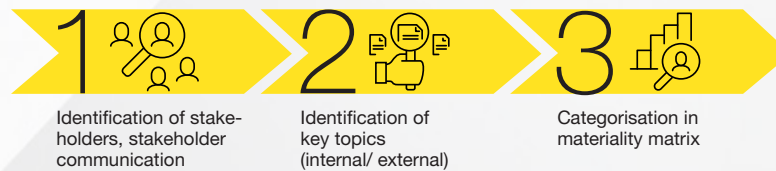
1.5 Materiality process and stakeholder management

Gühring is in contact with its stakeholders on a daily basis. It is therefore important to understand and respond to their expectations and require-ments. The company therefore began its materiality process by identify-ing 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.

1	2	3
Identification of stake-holders, stakeholder communication	Identification of key topics (internal/ external)	Categorisation in materiality matrix

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

GRI 3

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Company	Customers and business partners	Government and politics	Interest groups in society	Capital markets/finan-cial markets
Employees	Customers	Public authorities & officials	Local residents and neighbours	Investors and analysts
Executive Board / shareholders	Suppliers & service providers	Lawmakers	Families	Banks
Advisory Board	Associations and networks	Professional associations	Applicants	Insurance providers
Company doctor	Auditors & certifica-tion bodies		Society and the public	Health insurance companies
Works council & unions	Subsidiaries		Universities and schools	

Stakeholder dialogue

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

Gühring attaches great importance to open and direct communication with its stakeholders. However, direct exchange via dialogues was not always possible, especially in the wake of the coronavirus pandemic. Protecting customers and employees was the company's top priority. That's why Gühring took a different approach to customer communi-cation with a needs-based response. Gühring TECHLIGHT compen-sated for the cancellation of many large metalworking trade fairs. The first digital trade fair took place online in 2020 under the motto "The World of Gühring as a Digital Trade Fair". During the event, custom-ers were able to experience various products in six exciting themed worlds. The digital trade fair continued in 2021.

There were no coronavirus restrictions in 2022. This meant that large trade fairs could once again take place in person. The AMB in Stutt-gart is one of the largest trade fairs for metalworking and Gühring was able to present innovations and come into direct contact with custom-ers and partners there.

Another quick and easy option for communicating with customers is direct contact via messenger services. This opportunity was estab-lished in 2020. This means that employees can respond quickly to customers' messages or forward them to application technicians if necessary. In this way, Gühring ensures that the questions are an-swered in the best possible way and that it can respond to the inter-ests of its customers.

The Gühring newsletter also serves as a direct link to customers. Any-one who is interested in news from the world of Gühring can register online free of charge and receive all the news about Gühring and its products straight to their inbox twice a month.

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The range of information available is supplemented by the "Gühring News & Press" website (https://guehring.com/en/about-us/news/). New customer stories, product showcases and news from the company are regularly published here.

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

<u>This graphic shows the dialogue with stakeholders:</u>

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Company	
• Conferences	• Employee survey
• Workshops	• Idea management
• Dialogues within industry initiatives	• Internal communication
• Events	• Intranet
• Training courses	• Surveys
• Contracts	• Internet / social media
• Participation of company experts in committees (committee work)	• Media / press releases
	• Email
• Working groups	• my-IT portal
• Memberships in initiatives and associations	• Telephone
• Discussions	• Notices and announcements
• Factory tours	• Newsletter
• Dialogue with employees and managers	

⇅

Customers and partners	Interest groups in society
• Conferences	• Conferences
• Workshops	• Workshops
• Dialogues within industry initiatives	• Dialogues within industry initiatives
• Events	• Events
• Training courses	• Training courses
• Contracts	• Contracts
• Participation of company experts in committees (committee work)	• Participation of company experts in committees (committee work)
• Working groups	• Working groups
• Memberships in initiatives and associations	• Memberships in initiatives and associations
• Discussions	• Discussions
• Factory tours	• Factory tours
• Internet / social media	• Internet / social media
• Media / press releases	• Trade fairs
• Environmental declarations	• Media / press releases
• Email	• Environmental declarations
• Notices and announcements	• Email
	• Notices and announcements, newsletters

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Government and politics	Capital markets
• Conferences	• Conferences
• Dialogues within industry initiatives	• Dialogues within industry initiatives
• Events	• Events
• Contracts	• Working groups
• Participation of company experts in committees (committee work)	• Memberships in initiatives and associations
• Contact partner in politics	• Discussions
• Dialogue with employees and managers	• Factory tours
• Internet / social media	• Dialogue with employees and managers
• Media / press releases	• Media / press releases
• Environmental declarations	• Email
• Email and telephone	• Telephone
	• my-IT portal

GRI 2-29

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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.
- German Chambers of Industry and Commerce
- The German-speaking SAP User Group (DSAG) e.V.
- "Freundeskreis Richard-Hartmann-Schule e.V." association of friends
- VPP office
- German Engineering Federation (VDMA)
- GFE Society for Manufacturing Technology and Development Schmalkalden 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
- CIRP
- The German Association of Corporate Treasurers (VDT) e.V.
- Förderverein Fakultät AMB e.V.

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GRI 2-28

Identification of key topics
A comprehensive materiality analysis was carried out in 2020. This materiality analysis was once again confirmed by all departments in the reporting period and thus serves as the basis for the Sustainability Report 2022.

The company's own requirements and the expectations of its various stakeholders were the focus here. The analysis was about taking the view of its various stakeholders and evaluating different subject areas on the basis of this. The aim of the materiality assessment was to prioritise fields of action and key issues. In addition to the targeted management of topics, the purpose of this prioritisation is also to define the contents of the sustainability report.

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

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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.
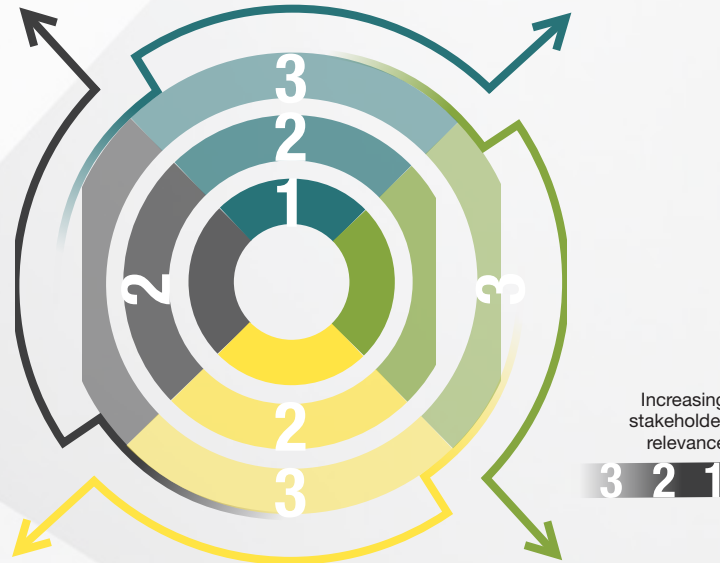
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GRI 3

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Strategy and management

1 Not relevant

2 Corporate governance and compliance;
stakeholder management; risk and
opportunity management

3 Not relevant

Products and customers

1 Product quality and customer satisfaction

2 Supply chain responsibility

3 Sustainable products

Increasing
stakeholder
relevance

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

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

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

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

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consequences of everyone's own actions.

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

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

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

Gühring's opportunity and risk management system is subject to continuous monitoring and auditing. As an integral component, the internal audit is a control system that monitors the operational processes throughout the company for compliance with guidelines and legal regulations.
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GRI 2-13

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

The automotive market 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 internal 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 the 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.

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Thanks to success in the area of original equipment and tool management, Gühring is more than ever a sought-after partner for all machining customers. The latent risk that the company may lose its 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. 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 primary material for the main raw material tungsten carbide, increased on a USD basis in the first four months of 2022, before then stabilising and even falling slightly. The binder material cobalt, which is required for carbide production in addition to tungsten carbide powder, experienced a similar price trend and increased by almost 20 % on a USD basis over the first five months before then falling by around 50 %. The weakening euro over the course of the year had a further negative impact on raw material costs as the raw materials are traded in USD.

Since the Gühring Group is both 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 bought back from customers. The scrap share of customer buybacks could be increased to a maximally reasonable quantity in recent years and is set to increase even further in 2023.

The price of high speed steel increased in the first three quarters of 2022 due to the alloy surcharge, energy cost surcharges and the weak EUR/USD exchange rate. On average, the alloy surcharge increased by 8 % for steel without cobalt and by 13 % for steel with cobalt per quarter.

On the other hand, from the fourth quarter onwards, a drop of 12 % was recorded for steel without cobalt and 13 % for steel with cobalt. Developments on the secondary raw material market (scrap) was similar, with a price drop of 20-25 % from the third quarter of 2022.
There is an opportunity for price stabilisation in 2023, accompanied by a decline in incoming orders from steel manufacturers to normal levels. A price increase for alloy elements remains a risk, as has recently been the case for molybdenum.

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

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

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GRI 201-2

# Products and customers

02

2.1 Sustainable products

For machining, coating or refurbishing: Gühring solutions are all about 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. These successes are only possible due to the high importance Gühring places on the high quality of its products and services.

In 2022, 50 % 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 supplies 95 percent 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 percent 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 CO_2. As a result, Gühring is reducing its CO_2 emissions in the area of packaging by 77 % thanks to the switch.
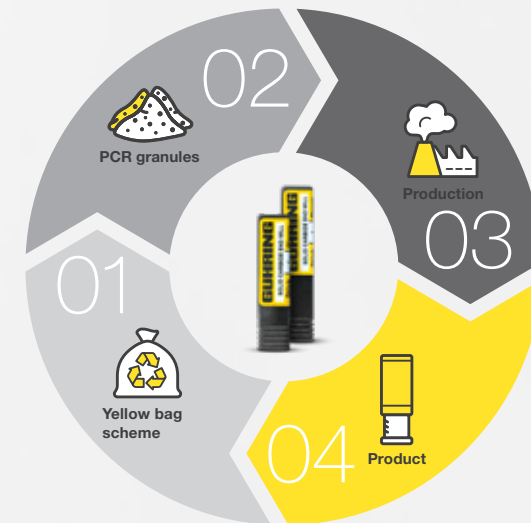
The circular economy is a multi-actor process that flows as follows: If customers receive their Gühring product by delivery, they remove the tool from its protective sleeve and dispose of the plastic packaging with recyclable plastic waste in their "yellow bags" (the plastic recycling scheme in Germany). 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. Instead of picking out the best of the bunch, all the plastic waste from the yellow bag scheme is used and turned into a new valuable resource.

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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 recyclate 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 therefore a major factor in the company's success. At Gühring, all the skills required for tool manufacturing are consolidated under one roof.

Coatings	Cutting materials	Geometries	Plant and machine construction
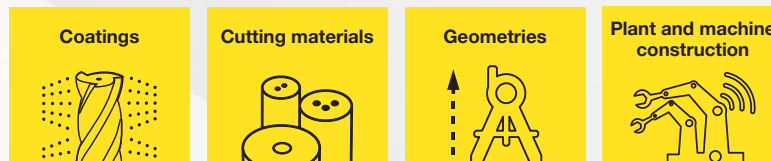
Through its functioning quality management system, Gühring guarantees safe processes and flawless products and services. At the same time, it safeguards the labelling and traceability of products and the associated documentation. Gühring preempts product risks by drawing on empirical values, conducting 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 guarantee the legally required product and service information for customers as well as corresponding labelling, Gühring has described the exact procedure for handling information and labelling in one of its process workflows and adhere to these specifications for all its products. This ensures compliance with all regulations and laws. As such, Gühring not only prevents violations in this regard, while also ensuring the safe use of its products. No breaches relating to product information or labelling were identified during the reporting period. Likewise, no breaches relating to marketing and communication came to light in the reporting year.
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GRI 417-1, GRI 417-2, GRI 417-3

For customers, the concept of 'quality' is the most important factor for customer satisfaction. That is why a high 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. For this reason, the company has committed itself to a quality management system that can meet the high standard of its products. The quality management system is a constantly evolving system in which employees and the Executive Board achieve continuous improvements. Gühring systems are certified in accordance with ISO 9001 / VDA 6.4 / ISO 14001 / ISO 45001 and ISO 50001.

02

The company also successfully meets customer requirements in the automotive/aerospace sector, etc. Here too, highly valued evaluations are created and confirmed by customers.

An internal error rate is calculated for all tools produced on the basis of quality inspection specifications. If customers have a reason for a complaint, Gühring records all customer issues in detail and analyses the root cause in order to initiate continuous improvement measures efficiently based on the 8D method.

Customer satisfaction index

The annual customer satisfaction index provides the company with relevant 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 understands that social responsibility is not limited to its own employees. The company recognises the need to extend these efforts along the entire supply chain. For this reason, Gühring requires its subcontractors to comply with the same social and ethical standards that the company sets itself as benchmarks. In addition to national and international law, taking into account social and environmental factors within the supply chain is something that Gühring strives to achieve and has therefore safeguarded in its sustainability policy. All strategic suppliers are required to recognise these and are additionally reviewed through a supplier evaluation.

Supplier management

Sustainability is a long-term strategic success factor, not only for Gühring, but also for its suppliers. Therefore, the company attaches particular importance to establishing a common performance standard for responsible business operations. The company understands the importance of the highest ethical standards, as well as the strictest requirements for conduct and compliance. At Gühring, sustainability is a central element of the company's self-image in all its actions and is an integral part of the corporate strategy. The company's actions are therefore based on generally applicable ethical values and principles, in particular integrity, honesty, respect for human dignity and non-discrimination. Gühring suppliers make a significant contribution to the company's success. It is therefore the company's aim to continue to develop its products and services sustainably and successfully together with its suppliers in the future. Gühring considers a common understanding of ethical and sustainable actions to be the basis for business success. For this reason, it treats business partners fairly, respectfully and with trust in all activities.

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The exact requirements and principles for cooperation with suppliers are set out in the Sustainability Policy for Suppliers and the General Purchasing Conditions and suppliers are surveyed on this matter. The requirements in the questionnaire include respect for international human rights, the rejection of all forms of forced labour, the rejection of all forms of corruption, sustainable environmental management and treatment of employees. Gühring also expects its suppliers to ensure that their subsuppliers comply with this policy and its terms and conditions of purchasing. They are therefore required to pass on the content of the Sustainability Policy to all those involved in their supply chain and actively promote compliance with it.

To ensure sustainable procurement, all suppliers within the Gühring value creation chain should apply this Sustainability Policy and strategic suppliers must also confirm this.

A total of 78 percent 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 solution for risk assessment has been introduced to support Central Purchasing in complying with the aforementioned topics.

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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 74.9% of the total procurement budget. As we have numerous facilities throughout Germany, suppliers from Germany are considered to be local suppliers.

Year	2022	2021	2020
Percentage spend on local suppliers	74.9 %	77.2 %	78.6 %

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.

02

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 and cobalt as conflict minerals 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 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.
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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.

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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 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. Gühring also offer employees online data protection 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.

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GRI 418-1

The environment

03

Environmental thinking and action and the associated assumption of responsibility are fundamental elements of Gühring's corporate policy. As a family-owned company, Gühring takes care to protect the environment right from the start when developing its products and align its actions so that it complies with 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. For external parties, the corporate policy is accessible on the Gühring website. External companies are informed about the corporate policy through a brochure.

In the internal learning management system (training portal) and Gühring Academy, employees are given the opportunity to receive further training in many areas. Among other things, this portfolio includes a range of training courses on sustainability, which also encompasses environmental management. Separate training in environmental management is also offered individually as required. Gühring provides targeted training on the importance of environmental management in business operations (ISO 14001). This is intended to provide an understanding of this management system and the factors for successful implementation.

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

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GRI 307-1

3.2 Use of resources

The responsible use of resources is a high priority 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 attaches particular importance to 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. With this approach, Gühring improves its internal energy performance indicator by at least 1 percent per year. 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. 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 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 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
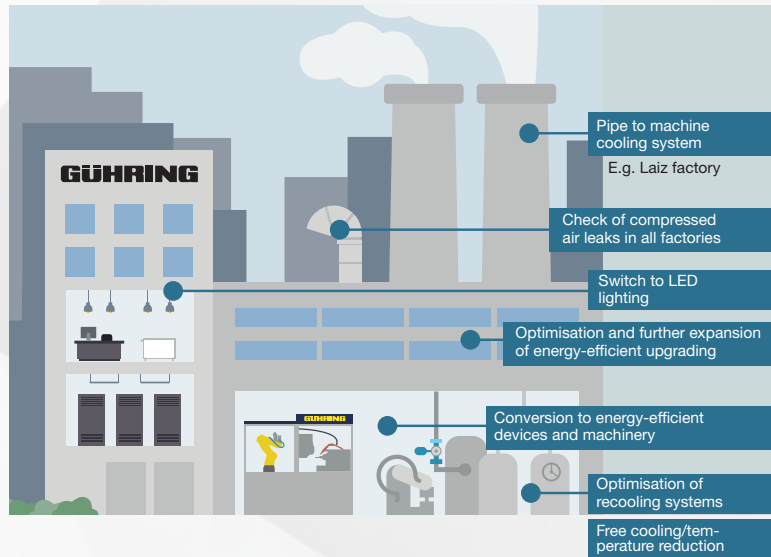
03

The environment

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 CO_2 savings. Best practice examples such as these are then also evaluated at other locations and implemented if necessary.
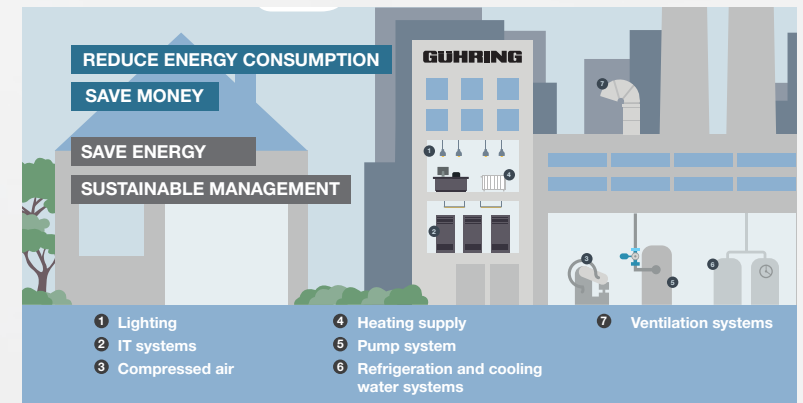
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GRI 302-4

Pipe to machine cooling system
E.g. Laiz factory

Check of compressed air leaks in all factories

Switch to LED lighting

Optimisation and further expansion of energy-efficient upgrading

Conversion to energy-efficient devices and machinery

Optimisation of recooling systems

Free cooling/temperature reduction

Another example of how Gühring wants to tackle the reduction of its energy consumption is a concept for energy-efficient driving, which was planned and also implemented in 2020. 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. During the reporting period, a training video was recorded for the internal e-learning portal in order to train employees more efficiently.

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.

REDUCE ENERGY CONSUMPTION

SAVE MONEY

SAVE ENERGY

SUSTAINABLE MANAGEMENT

1 Lighting
2 IT systems
3 Compressed air
4 Heating supply
5 Pump system
6 Refrigeration and cooling water systems
7 Ventilation systems

03

Energy consumption[1]	2020	2021	2022
Electricity (in kWh)	42,156,198	44,682,178	42,461,923
Natural gas (in kWh)	8,401,725	9,495,347	7,889,812
Heating oil (in kWh)	567,408	641,330	21,407
Fuel (in kWh)	10,959,879	10,638,858	13,153,289
Total (in kWh)	**62,085,210**	**65,457,713**	**63,526,431**

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

GRI 302 – 1

Emissions – Carbon footprint

Gühring published its CO_2 emissions for the first time in the 2020 financial year. Since then, CO_2 emissions have been disclosed annually in the sustainability report. The aim is also to continuously determine and reduce all emissions. Gühring is guided by the objectives of the EU Commission and the United Nations: by 2050, Europe is set to become the first CO_2-neutral continent and implement the prevent global average warming from exceeding 2°C by 2030. When calculating greenhouse gases, Gühring differentiates between direct and indirect emissions. According to the GHGP (Green House Gas Protocol), corporate emissions are divided into three "scopes". Scope 3 emissions are due to be determined in the coming years.

Scope 1: direct greenhouse gas emissions
(e.g. from production processes, vehicle fleet)

Scope 2: Electricity indirect greenhouse gas emissions
(e.g. purchased electricity)

Scope 3: Indirect greenhouse gas emissions from the upstream and downstream value chain
(e.g. purchased goods and services, use of sold products)

Carbon footprint

Scope 1: direct greenhouse gas emissions
CO_2 emissions in kg for heating oil, natural gas, diesel fuels

	2020	2021	2022
Heating oil (in kg CO_2)	182,705	161,992	6,722
Natural gas (in kg CO_2)	1,923,995	1,918,060	1,585,852
Diesel (in kg CO_2)	2,732,450	2,667,747	3,827,990
Total emissions (in kg CO_2)	**4,839,151**	**4,747,800**	**5,420,564**

Scope 2: indirect greenhouse gas emissions
CO_2 emissions in kg for purchased electricity

	2020	2021	2022
Electricity (in kg CO_2)	16,946,792	17,962,236	15,541,064
Total emissions kg CO_2 Gühring KG Scope 1 & 2	**21,785,943**	**22,710,035**	**20,961,627**

CO_2 emissions 2022 (in kg):
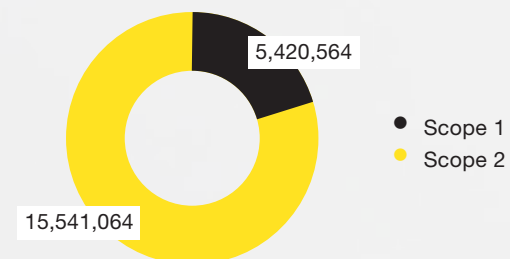
5,420,564

15,541,064

● Scope 1
● Scope 2

GRI 305-1, GRI 305-2

03

Emissions in logistics

At Gühring, the goals of reducing emissions and reducing costs in logis-
tics 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 emis-
sions and are cheaper. A small number of large shipments is cheaper
than several small shipments and also produces less CO_2.

The shipping of standard packages at Gühring is carbon neutral. For ex-
ample, 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 ex-
press 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 manu-
facture of products. We therefore strive to keep water consumption at a
low level wherever possible.

| Water consumption	2020	2021	2022
Fresh water in m³	18,450	18,779	18,193
Waste water in m³	18,450	18,779	18,193

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 gen-
erated in accordance with legal requirements. However, in order to keep
waste generation as low as possible both for the company and its custom-
ers, 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:

AVOID → **REDUCE** → **RECYCLE**
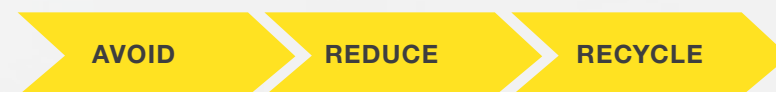
Waste that is not created does not require costly disposal. Constant im-
provements in processes and production technology are being trialled
to try to prevent waste from being created. Where no state-of-the-art
zero-waste processes are available in the production process, we aim to
reduce the amount of waste. For waste that cannot be avoided and has
already been reduced to the lowest technically and economically feasible
residual quantity, legal and environmentally friendly recycling/disposal
are considered. Waste is separated, in accordance with the municipal
regulations, in labelled bins marked with different colours. Each employ-
ee 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 au-
dits and retraining is provided where necessary.

03

Our waste consists of:

Waste generation and disposal (in t)	2020	2021	2022
Hazardous waste	391	620	480
Non-hazardous waste	891	560	520

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	2020	2021	2022
Plastics	3.863	4.242	4.046
Paper / cardboard / cartons	0.291	0.32	0.305

Transport packaging (in t)	2020	2021	2022
PE film	5.794	6.363	6.074
Paper / cardboard / cartons	31.353	34.430	32.866

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 reconditioning 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 and society

04

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

4.1 Employees

Skilled employees are a company's most important resource. Gühring KG currently employs 2,316 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:

		2020	2021	2022
	Female:	**510**	**511**	**497**
	temporary:	16	12	6
	permanent:	494	499	491
	Male:	**1910**	**1866**	**1819**
	temporary:	22	15	24
	permanent:	1888	1851	1795
Total employees		**2420**	**2377**	**2316**

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.

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GRI 401-1

Gühring offers various benefits for its employees. For instance, employees are offered convalescent leave, meal allowances, shopping voucher/shopping discounts, home officee/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.

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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:

	2020	2021	2022
covered	79 %	79 %	78 %
not covered	21 %	21 %	22 %

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GRI 2-19 GRI 2-20

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

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GRI 202-1

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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

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, 114 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" combination study course, which will be available from 2024. As at 1 January, Gühring had more than 187 apprentices and trainees and dual study students in 13 different apprenticeships or courses.

Number of apprentices and trainees in January	2020	2021	2022
Commercial (4 skilled professions)	26	28	24
Technical (3 skilled professions)	140	135	118
Degree (4 dual courses, 2 combined courses)	22	24	21
Total	**188**	**187**	**163**

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.

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.

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:
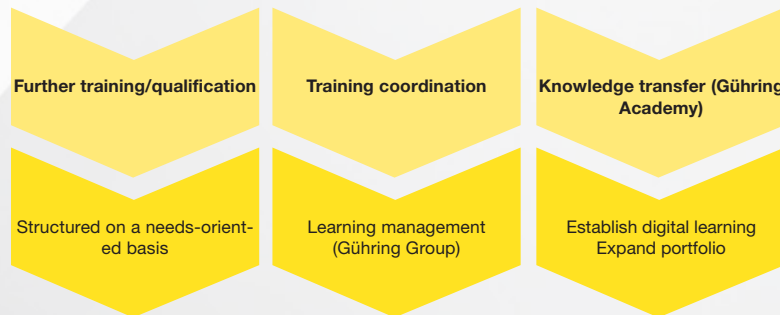
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- Maintain and upgrade qualifications of employees

- 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:

Further training/qualification	Training coordination	Knowledge transfer (Gühring Academy)
Structured on a needs-oriented basis	Learning management (Gühring Group)	Establish digital learning Expand portfolio

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, manage-

ment training or sales training. A total of 10,308 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.

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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 environment 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. Ha-

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rassment 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	315	2
U30 female	94	1
30-50 male	931	23
30-50 female	272	6
50+ male	586	56
50+ female	128	9

GRI 405-1

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

GRI 406-1

4.4 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.

In general, protective measures are taken according to 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 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.

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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.

	2020	2021	2022
Fatalities	0	0	0
Severe injuries	0	0	0
Work-related injuries	24	29	27

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:
• 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.

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GRI 403

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

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GRI 419

4.5 Social responsibility

For decades, 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 with varying activities for the employees. 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. The Mosaik workshop for people with disabilities was relocated and expanded in addition in 2020. Around 80 employees from the workshops work at the location itself.

By moving to a space of approx. 1,200 m^2, 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.

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GRI 203, GRI 413-1

General standard information

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 Gühring KG.

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

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

Environmental compliance
307/103 **Management approach disclosures**
Chapter 3.1 Environmental management
307-1 **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**
Training on human rights policies was not given in the reporting period, but is part of the new sustainability training from the 2021 financial year.

412-3 **Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening**
No agreements known.

Local communities

413/ 103 **Management approach disclosures**
Chapter 4.5 Social responsibility

413-1 **Operations with local community engagement, impact assessments and development programs**
Chapter 4.5 Social responsibility

Supplier social assessment

414/ 103 **Management approach disclosures**
Chapter 2.3 Supply chain responsibility

414-1 **New suppliers that were screened using social criteria**
Chapter 2.3 Supply chain responsibility

414-2 **Negative social impacts in the supply chain and actions taken**
Chapter 2.3 Supply chain responsibility

Public policy

415/ 103 **Management approach disclosures**

415-1 **Political contributions**
This point is not relevant for Gühring KG. Only occasional, small donations are made to political parties.
In 2022, 1,000 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

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The sustainability report is available on the Gühring website at:
https://guehring.com/en/about-us/company/sustainability-at-guehring/

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