



GÜHRING

SUSTAINABILITY REPORT 2020



ABOUT THIS REPORT

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

This report complies with the guidelines of the **Global Reporting Initiative (GRI)** and has been prepared in accordance with GRI standards: core option. It is divided into four action areas: 'Strategy and management', 'products and customers', 'the environment', 'employees and society' and contains the financial and non-financial key figures required by GRI, which measure Gühring's sustainability performance. When selecting reporting topics, Gühring is guided by the reporting principles of materiality, sustainability context, completeness, balance and stakeholder inclusiveness.

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 2020 financial year (1 January 2020 – 31 December 2020) of Gühring KG.

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

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.

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

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GÜHRING

**INTRODUCTION
TO THE GÜHRING
ORGANISATION**

GÜHRING ORGANISATION

MESSAGE
KEY SUSTAINABILITY FIGURES

Dear Sir or Madam, dear business partners,

The topic of sustainability has become significantly more important in recent years, not only for the public, but for Gühring as well. This report aims to give you an idea of how we, as a fast-growing, global company, understand sustainable action at Gühring, the goals we are pursuing and how we ultimately make these measurable.

As an international industrial company, Gühring is making its contribution to the structural change taking place in society, whether it be in the transition to a low-carbon economy or transition to environmentally-friendly transport. Together with our customers and partners, we are constantly looking for potentials and sustainable solutions that range from climate-friendly production to tool reprocessing and resource-saving use of raw materials. We are currently seeing a significant decline in the consumption of electricity, heating oil and fuel. For the first time, we have carried out a materiality analysis on the basis of which action areas for Gühring were identified. In addition, a carbon footprint was created in order to systematically analyse and optimise the company's environmental impact.

In the area of alternative engine systems and new mobility concepts, Gühring can now, for example, cover the entire production process for e-motors with our product range. As one of the largest carbide producers in the world, we are always looking for new ways to recycle strategic raw materials. Since 2020, Gühring has been offering a carbide grade made from 100% recycled material. Thanks to our tool reprocessing, we are able to cut down on the use of rare earth metals in the area of coating.

As a fourth-generation owner-managed family company, we also want to take responsibility for future generations. The key to fulfilling this responsibility is an active transformation, the innovative strength of Gühring, which has always distinguished us and the entrepreneurial vision we live by. More than 900 patents and 600 brands worldwide are a testament to the outstanding innovative strength of the company.

To ensure that Gühring continues to be successful in the future, we hold the company and our suppliers and business partners to the highest of standards. This includes living the values and ethical principles of this Gühring sustainability report along the entire value chain.

We are playing an active role.

Sincerely
Oliver Gühring



GÜHRING ORGANISATION

**MESSAGE
KEY SUSTAINABILITY FIGURES**



GÜHRING

0

fatalities or serious injuries



2420

employees
of Gühring KG



CERTIFICATIONS

- DIN EN ISO 9001
- DIN EN ISO 14001
- DIN EN ISO 45001
- DIN EN ISO 50001

100,000

Articles in the standard programme



211

Apprentices
and trainees

ASSUMING REGIONAL
RESPONSIBILITY MEANS
SETTING OURSELVES UP FOR
THE FUTURE.

p.33 / Employees and society

ENVIRONMENTAL THINKING
AND ACTION AND TAKING
RESPONSIBILITY ARE
FUNDAMENTAL ELEMENTS OF
GÜHRING'S CORPORATE POLICY.

p. 27/ The environment



87.3%

of procurement budget
allocated to local suppliers

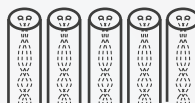
Percentage of employees
covered by collective
wage agreements

79%

covered

**NEW
CARBIDE
GRADE**

made from **100%**
recycled
material



50%

of the purchasing volume
is covered by suppliers
who have signed the
sustainability guidelines

21%

not covered

STRATEGY & MANAGEMENT

- 1.1 Company profile
- 1.2 Corporate policy
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STRATEGY AND MANAGEMENT

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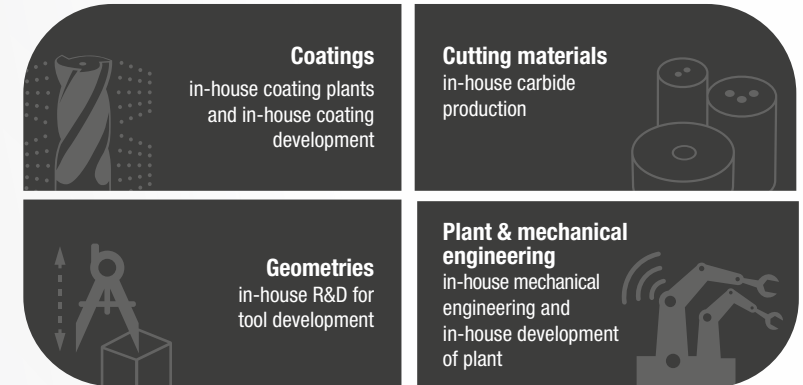
Gühring has been manufacturing twist drills since 1898. Today, Gühring is one of the world's largest manufacturers of cutting tools and carbides of all kinds.

1.1 Company profile

Gühring KG, referred to in this report as Gühring, is one of the world's leading manufacturers of precision rotary cutting tools. For decades, the company has been growing at an above-average rate compared to the market trend. Based in Albstadt, Gühring started as a twist drill manufacturer in the early years after its founding in 1898 and has evolved into one of the largest complete suppliers of machining technology in the world. Gühring has now been owner managed for four generations. With 2420 employees, the company develops, manufactures and sells innovative cutting tools. Gühring is present in all major markets and key industries: customers in the automotive, aerospace and mechanical engineering industries rely on the leading-edge tools that are manufactured worldwide to the highest uniform quality standards. SME structures and flat hierarchies allow us to achieve long-term added value and act quickly.

The product range now includes

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



Gühring's main production plant is in Albstadt-Ebingen. Gühring operates a further three production plants in the Swabian Alb. There are also facilities in Laiz, Berlin, Wehingen, Mindelheim, Leverkusen, Ramstein, Neutraubling, Langenhagen, Markt Erlbach, Geislingen and Weinsberg.

Our leadership structure is hierarchical

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

Our Executive Board defines the company objectives and corporate policy. The responsibilities are defined in our organisational structure diagrams. Our broad industry presence ensures our long-term economic viability. Not only do we have a future-proof presence in the key automotive, aviation and mechanical engineering sectors, but we respond to the requirements of the market, be it electromobility or changes in energy technology. In doing so, we respond to the differentiation of the markets with a differentiation of our products and our expertise.

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

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1.2 Corporate policy

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

- 01 | Quality (see chapter 2.2)
- 02 | Product / process development (see chapter 2.1)
- 03 | Responsibility (addressed in all chapters)
- 04 | Suppliers / services (see chapter 2.3)
- 05 | Resources (see chapter 3.2)
- 06 | Legal regulations (see chapter 1.3)
- 07 | Workplace safety and environmental protection and quality (see chapter 3.1 + 4.4.)
- 08 | Employees (see chapter 4.1)
- 09 | The public / public authorities (addressed in all chapters)
- 10 | Code of Conduct (see chapter 1.2)
- 11 | Energy management (see chapter 3.2)

Code of Conduct

The ten principles of the United Nations Global Compact form the basis of our Code of Conduct. These highlight our obligation to comply with all applicable laws, but also the role that all employees play in responsible conduct.

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

We reject all forms of corruption, including extortion and bribery and we are conducting an internal audit to deal with any corruption across the company.

This Code of Conduct affirms Gühring's commitment to the United Nations Global Compact, thus supporting 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.

GRI 102-1, 407, 408, 409, GRI 102-16

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1.3 Corporate governance and compliance

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

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

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

GRI 102-16

Whistleblower system

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

The matters are thoroughly investigated at Gühring and appropriate measures are taken if there is evidence that violations have occurred. Retaliation of any kind will not be tolerated. All reports and all related information will be handled in strict confidence and, if requested, anonymously and will be stored confidentially.

GRI 102-17

Approach to tax

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

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

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

After the tax returns have been prepared by the appointed tax consultants, they are checked for correctness or plausibility by an employee of the Finance and Accounting Department.

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Before being sent to the tax office, written approval from the Executive Board is required.

A tax compliance tool in the area of VAT was developed in 2020 as a 'pilot' at Gühring in cooperation with our tax consultants.

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.

GRI 207

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1.4 Sustainability management

Organisational anchoring of sustainability in the company

A wide range of sustainability aspects have long been anchored in our corporate policy. We are aware that sustainable action is a cross-cutting issue that is relevant to all areas of the company. A sustainability committee was established for the first time this year in order to achieve and promote a targeted grouping of all key sustainability topics and all sustainability-related activities.

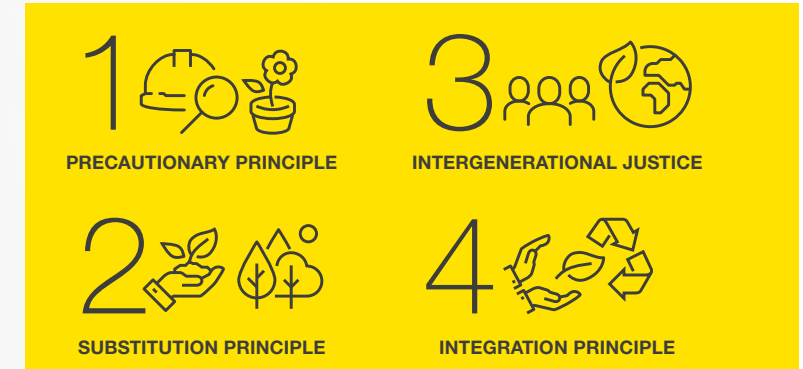
This sustainability committee is led by a sustainability officer and it is made up of various representatives of the specialist departments. Reporting on the key topics is the steering group's main task this year. The tasks are to be gradually expanded over the next few years.

Our sustainability approach

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

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

Our four principles of sustainability



1! Precautionary principle

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

2! Substitution principle

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

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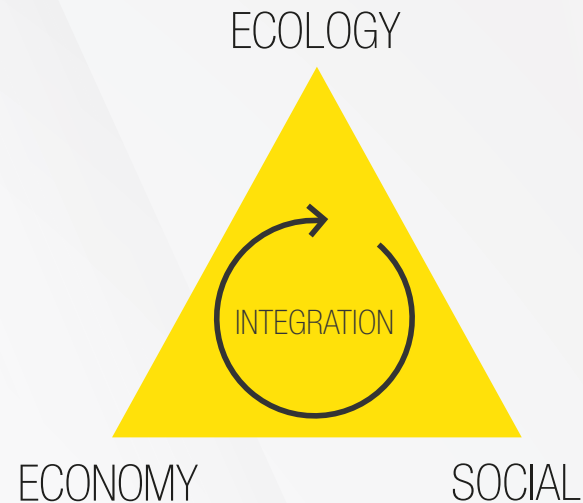
3| Intergenerational justice

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

4| Integration principle

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

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



The integrated sustainability triangle implies three dimensions

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

The integrative character results from the internal interaction and the interdependence of all dimensions, which can be represented in all possible combinations.

Therefore, the aim of a sustainable strategy is always to combine, integrate and at the same time consider all three dimensions.

GRI 102-11, GRI 102-18, GRI 102-19, GRI 102-20

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1.5. Materiality process and stakeholder management

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



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

GRI 102-46

GÜHRING				
COMPANY	COMPANY AND BUSINESS PARTNERS	GOVERNMENT AND POLITICS	INTEREST GROUPS IN SOCIETY	CAPITAL MARKET / FINANCIAL MARKET
Employees	Customers	Public authorities	Local residents and neighbours	Investors and analysts
CEO	Suppliers and service providers	Lawmakers	Families	Banks
Works Council	Associations and networks	Government agencies	Potential candidates	Insurance providers
Company doctor		Professional associations	Society and the public	
Trade unions			Universities and schools	

Stakeholder groups of Gühring KG

Stakeholder dialogue

Gühring works with various interest groups. Some stakeholders are directly affected by Gühring's activities, while some stakeholders also have a direct influence on Gühring's activities. (see stakeholder groups of Gühring KG graphic)

Gühring values an open and direct dialogue with its stakeholders. However, direct communication is not always possible, especially during the coronavirus pandemic. That's why we are taking a different approach to customer communication. Protecting customers and employees is our top priority.

For this reason and also due to the cancellation of many major metal-working trade fairs, the Gühring TECHLIGHT 2020, a digital trade fair, was held this year for the first time. With the tagline 'The Gühring world as a digital trade fair', customers were able to experience the various products online in six exciting themed areas. The TECHLIGHT event on 20 October is the launch event for the digital trade fair, and will then be available online under the same name and address (www.guehring.com/techlight) for the entire year.



Another quick and easy option for customers is direct contact via messenger services. This option was created during the reporting period to give customers the opportunity to contact us and ask questions. The relevant employees receive messages via a software program and can respond directly to them or forward them to an application engineer if necessary. In this way, we ensure that the questions are answered in the best possible way and that we can respond to the interests of our customers.

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This graphic shows the dialogue with our stakeholders.



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

List of key memberships and associations

- DIN e.V.
- VDMA Verlag GmbH
- The German Machine Tool Builders' Association (VDW) e.V.
- FGMA Maschinenbau e.V.
- The German-speaking SAP User Group (DSAG) e.V.
- "Freundeskreis Richard-Hartmann-Schule e.V." association of friends
- WZL Aachen GmbH
- VPP office
- German Engineering Federation (VDMA)
- WGS Albstadt e.V. association of friends
- LBZ-BW e.V.
- PLM-Benutzergruppe e.V.
- RIF Institute for Research and Transfer e.V.
- Zukunftsorientierte Zerspanung e.V.
- CIRP
- The German Association of Corporate Treasurers (VDT) e.V.
- Fakultät AMB e.V. association of friends
- AWB Allgemeiner Verband der Wirtschaft

GRI 102-12, GRI 102-13

Identification of key topics

It is important to us that we take into account our own requirements while also understanding the expectations of the various stakeholder groups and that we take the view of the various stakeholders and evaluate various aspects on the basis of this. For this reason, Gühring has conducted a materiality assessment for this report. This assessment is about taking the view of the various stakeholders and evaluating different aspects on the basis of this. The aim of the materiality assessment was to prioritise action areas and key issues.

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

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In addition to the targeted management of issues, the purpose of this prioritisation and selection is also to define the contents of our sustainability report.

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

GRI 102-47

Results of the materiality assessment

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

GRI 102-44



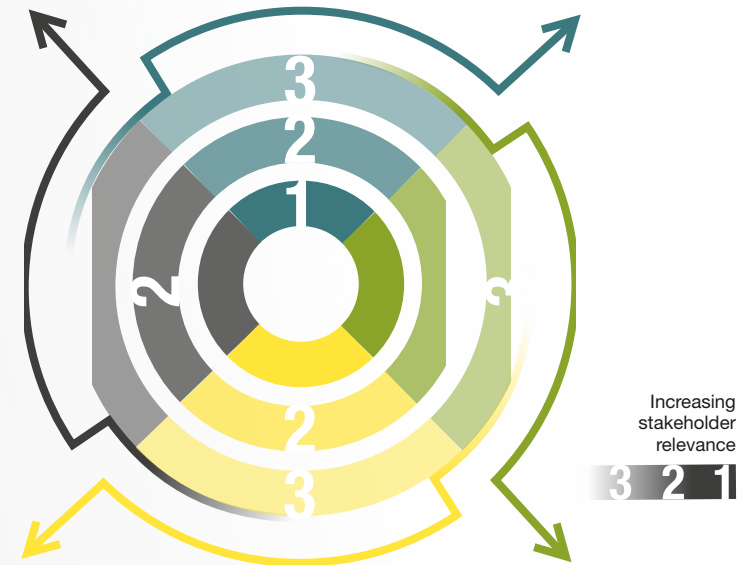
STRATEGY AND MANAGEMENT

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



PRODUCTS AND CUSTOMERS

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



EMPLOYEES AND SOCIETY

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



ENVIRONMENT

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

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1.6. Opportunity and risk management

For the early identification of risk, a comprehensive risk management system was established as early as 2000. In 2016, it was expanded into an opportunity and risk management system. All risks and opportunities that arise are identified by all primary functions along the value chain and the associated cross-sectional functions and a full report is produced on a regular cycle, so that risks can be actively controlled in a timely manner.

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

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

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

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

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

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

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

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

GRI 102-30

Major opportunities and risks to future development

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

The automotive market continues to be a growth market, particularly due to rising prosperity, especially in highly populated regions such as China, India and Africa. The shift away from full combustion engines to a predicted mix of combustion engines (47%), hybrid engines (38%) and electric engines (15%) opens up new potential for machining. Hybrid engines require significantly more machining than the combustion engine. Due to the combination of the expected market growth and the composition of the engine mix, we can expect growth in machining over the next 10 years, despite significantly lower machining volumes for full electric motors. Thanks to our success in the area of original equipment and tool management, we are more than ever a sought-after partner for all machining customers. The latent risk that we can lose our position due to changes such as supplier reductions or the introduction of new tool management systems is reduced due to the fact that Gühring has been established in the market as a full-service provider of cutting tools for years.

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

In order to further diversify the Gühring Group and thus increase its independence from the automotive industry, we will establish more industry sales areas starting from 2021.

This will allow us to tap into, develop and expand the existing market potentials in a targeted, specific and target-group oriented way. This also provides the basis for innovation.

The prices for tungsten and cobalt on the commodities market continue to pose a risk. Due to COVID-19, the price of the carbide raw material tungsten fell in the first half of the year before it rose again slightly due to increasing demand in China (main producer of the raw material APT). Cobalt, the binder required for carbide production along with tungsten carbide powder, showed a similar price curve as tungsten carbide powder. In the future, it will be increasingly important that prices for solid carbide tools can be made more flexible and synchronised with the price trend of raw materials.

Currently the cobalt price is the largest risk for 2021, particularly due to its importance in the battery business for e-mobility.

Since the Gühring Group is both as a consumer and as a producer of hard materials, this creates the opportunity to further reduce the raw material costs by recycling our own scrap metal and scrap bought back from customers. In recent years, we have been able to increase the proportion of our raw material requirements made up by recycled material to a maximally reasonable level with the implementation of suitable measures.

01

STRATEGY AND MANAGEMENT

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

In 2020, the price trend of high-speed steel was -9% for HSS without cobalt and -12% for HSCO with cobalt. The alloy surcharge for HSS steel declined in 2020 in the first three quarters, and it has been increasing since the fourth quarter.

The main price drivers for HSS alloying elements are tungsten and molybdenum. The increase in alloying elements was also influenced by the increasing demand for stainless steel with lower availability on the market.

In order to minimise the interest rate risks from the loans to finance the usual working capital requirements, interest rate cap agreements with various maturities were concluded with different banks. In this respect, 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.

GRI 102-15, GRI 201-2

PRODUCTS & CUSTOMERS

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



02

PRODUCTS AND CUSTOMERS

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

2.1. Sustainable products

Gühring offers innovative products and supports its customers in actively designing climate-friendly products. This means that the end consumer gets an overall more sustainable, durable and economical product.

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



As one of the pioneers of MQL technology, Gühring is well known for our many years of expertise in minimal quantity lubrication. Gühring's MQL chucks are available as ready-to-use pre-assembled MQL solutions for single and dual channel systems, according to thousands of factory standards used worldwide and recognised in the automotive industry. Higher cutting speeds and longer tool life are possible

thanks to adapted cooling, as well as top surface quality due to the pure lubricant. Workpieces and chips remain dry, thus saving customers the cost of degreasing their workpieces and disposing of chips and emulsion. This not only saves costs, but also resources. Especially with minimal quantity lubrication, the optimum supply of the very small quantities of lubricant to the tool cutting edge is important. Inadequate supply or an excessively long response time can have fatal consequences, such as premature wear, poor machining quality or even tool breakage. An excessive amount of lubricant, on the other hand, leads to increased costs due to unnecessary lubricant consumption and additional cleaning required for components or machines, as well as unnecessary burden on the environment and employees.

In addition to these components, Gühring also offers a carbide grade made from **100% recycled material**. Since the 2020 financial year, the first products made from this material have been standardised and included in our catalogue range. More about recycling can be found in chapter 3.3 Waste management and recycling.

With marginal differences from conventional materials, this material is ideally suited for use in milling and drilling. On top of the advantage of saving resources through recycling, an important advantage of this material is its price-performance ratio. We have had many customers and trading partners all over the world test this grade and have received very good feedback. For that reason, we plan to further expand this grade in the future. Another advantage of our carbide is that already recycled material can be recycled again.

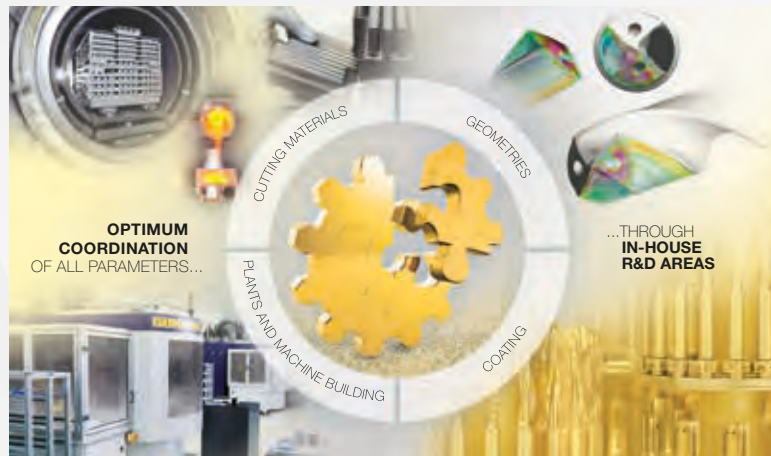
However, to ensure that resources are not only saved in our own company, we have projects that are also sustainable within the value chain. These include, for example, looking at the customer's machining process. With projects such as Smart Cap and Tube-Design, the chips that accumulate during machining are evacuated to the rear. This allows the customer to reduce or even do away with cleaning.

PRODUCTS AND CUSTOMERS

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

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



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

In order to guarantee the legally required product and service information for our customers as well as corresponding labelling, we have described the exact procedure for handling information and labelling

in one of our process workflows and adhere to these specifications for all our products. In doing so, we ensure that we comply with all regulations and laws, preventing violations in this regard, while also ensuring the safe use of our products. No breaches relating to product information or labelling were identified during the reporting period. Likewise, no breaches relating to marketing and communication came to light in the reporting year.

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

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

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

Customer satisfaction index

Our annual customer satisfaction index provides us with relevant information about customer-specific key figures. We include in our index, for example, supplier evaluations from customers, the complaint rate, training for external customers, our delivery reliability as well as the quotation success rate. Our improvements in this index in recent years highlight our positive focus on customer satisfaction and the market. Time and again, awards or other accolades from customers are also evidence of this customer satisfaction. For example, during the reporting period, our HR 500 reamer was recognised as the best tool for 2020 by our largest distributor COMINIX in Japan.

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PRODUCTS AND CUSTOMERS

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Customer proximity

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

2.3. Supply chain responsibility

Social responsibility does not stop with our own employees. We are aware that we also need to continue these efforts along the supply chain. We strive to ensure that our suppliers adhere to the same principles within the framework of social and ethical standards that we set ourselves as benchmarks.

Taking social and environmental factors within the supply chain into consideration, in addition to national and international laws, is something that we strive towards and we therefore safeguard this in our sustainability policy. All new suppliers are required to recognise these and are additionally reviewed through a supplier evaluation.

Supplier management

Sustainability is a long-term strategic success factor, not only for us, but also for our suppliers and subcontractors. Therefore, we attach particular importance to establishing a common performance standard for responsible business operations.

We understand the importance of the highest ethical standards, as well as the strictest requirements for conduct and compliance. In our actions, sustainability is a key element of our identity and is part of our corporate strategy. Our actions are therefore based on generally applicable ethical values and principles, in particular integrity, honesty, respect for human dignity and non-discrimination.

Our suppliers make a significant contribution to our success. It is therefore our aim to continue to develop our products and services sustainably and successfully together with our suppliers in the future. We consider a common understanding of ethical and sustainable ac-

tions to be the basis for business success. For this reason, we treat business partners fairly, respectfully and with trust in all activities.

We have set out the exact requirements and principles for cooperation with our suppliers in a sustainability guideline for suppliers. This guideline was fleshed out in the reporting period and both existing suppliers and new suppliers were asked about it in supplier questionnaires. The requirements in the questionnaire include respect for international human rights, the rejection of all forms of forced labour, the rejection of all forms of corruption, environmental management and treatment of employees. We also expect our suppliers to ensure that their subcontractors and sub-suppliers comply with our policy. They are therefore required to pass on the content of our policy to all those involved in their supply chain and actively promote compliance with it.

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

49.8% of the purchasing volume in the reporting period was sourced from suppliers who have already affirmed our sustainability policy. We have a strong interest in further improving this figure.

That is why we only select suppliers from whom we can expect integrity, honesty and ethical behaviour. Of course, we also accept this responsibility in return.

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

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

In addition to the evaluation of suppliers, there is also a review of environmental criteria for every purchase or procurement of capital goods. For example, when procuring plants, machines and equipment, data on the criteria of energy and water consumption, emissions and recycling

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PRODUCTS AND CUSTOMERS

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options is collected. When procuring construction services, attention is paid to ecological execution of construction work. When purchasing new vehicles, information on consumption and emissions is also obtained.

In addition to evaluating suppliers on environmental criteria, we also try to support local suppliers where possible. During the reporting period, local suppliers accounted for 87.2% of the total procurement budget. As we have numerous facilities throughout Germany, suppliers from Germany are considered to be local suppliers.

GRI 204-1

Year	2020	2019	2018
Percentage spend on local suppliers	87.3%	87.8%	85.2%

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

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

apply our workplace health and safety and environmental protection instructions for external companies and to train employees on the content.

Reach

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

Conflict minerals

The issue of conflict minerals in our supply chain is an issue we have been dealing with for a long time. This is a significant social risk in supply chains, especially in the metal industry. In our company, the purchase of tungsten as a conflict mineral is affected.

The mining of these minerals can lead to risks of, for example, human rights violations, corruption and money laundering, or contribute to the financing of armed forces. In order to ensure that these risks do not occur, we only source our raw materials from suppliers who guarantee extraction without these risks. Therefore, we have written confirmation from all suppliers that all raw materials are free of conflict minerals, comply with OECD guidelines and comply with the requirements of Article 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Recycled raw materials used

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

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PRODUCTS AND CUSTOMERS

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Buyback of carbide

When used carbide tools are reprocessed, they are converted into reusable powders through various processes. Used end products are thus reused as a raw material and recycled. Every year, we buy back larger quantities of carbide, which can be reprocessed into recycled powder and reuse it for new products.

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

GRI 301-2

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PRODUCTS AND CUSTOMERS

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 - 2.4 Information security and data protection
-

2.4 Information security and data protection

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

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

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

protection guidelines define the processes, responsibilities and structures of our data protection management system. Furthermore, data subjects are informed of their rights, including the right to information and the right to erasure of stored data. This policy is reviewed on an ongoing basis and updated as required. The Privacy Policy is the minimum standard. The implementation of the data protection management system is coordinated by our central Group Data Protection Officer.

In addition to maintaining the process, the Group Data Protection Officer ensures the further development of data protection and all associated measures and advises organisational units and specialist departments. The Data Protection Officer reports directly to the Executive Board. Our employees are contractually obligated to comply with data protection and the confidential handling of personal data and information. We also offer employees online data protection e-learning training. Participation in the training is mandatory.

Personal data is generally not transferred to third parties. If personal data is transferred, this occurs only on the appropriate legal basis. Our privacy statement provides transparent information about this.

In the reporting year, there were no enquiries or complaints from customers or competent supervisory authorities regarding a breach of data protection. There were no leaks, cases of data theft or data loss. All employees are required to report any breaches or irregularities to the agencies publicised for this purpose. Future incidents are analysed and processed in accordance with our defined processes and the requesting agency is informed of events and possible measures.

GRI 418



THE ENVIRONMENT

3.1 Environmental management

3.2 Use of resources

3.3 Waste management and recycling

03

THE ENVIRONMENT

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

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

3.1 Environmental management

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

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

All managers and employees are familiar with our environmental protection policy through training courses and notices. For external parties, the corporate policy is accessible on our website. External companies are informed about the corporate policy through a brochure.

We offer all employees in the internal learning management system (training portal) the opportunity to receive further training in many areas. The range of courses also includes courses on environmental management as mandatory training. We provide targeted training on the importance of environmental management in business operations (ISO 14001). This is intended to provide an understanding of this management system and the factors for successful implementation.

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

_____ **GRI 307-1**

3.2. Use of resources

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

Energy management

Reduce energy requirements, increase energy efficiency

Gühring aims to achieve this goal throughout the company and across all business divisions. This includes in the workplace, in the procurement of goods, in our services, in the distribution of our products and in the design of systems. We therefore aim to reduce energy requirements in the long term and improve our energy performance. This results in an increase in energy efficiency, which enables us to improve our energy performance indicator by a specific, not insignificant amount within the respective organisation under consideration. We primarily pursue this objective in the manufacture of our products, the procurement of goods and services and in the design of our systems. It also applies to the personal conduct of all employees (continuous improvement process).

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

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

In summary, this means that we meet our customers' sustainability requirements, reduce our energy costs and also reduce carbon emissions. This is why we are particularly focussing on targets and measures to improve energy efficiency.

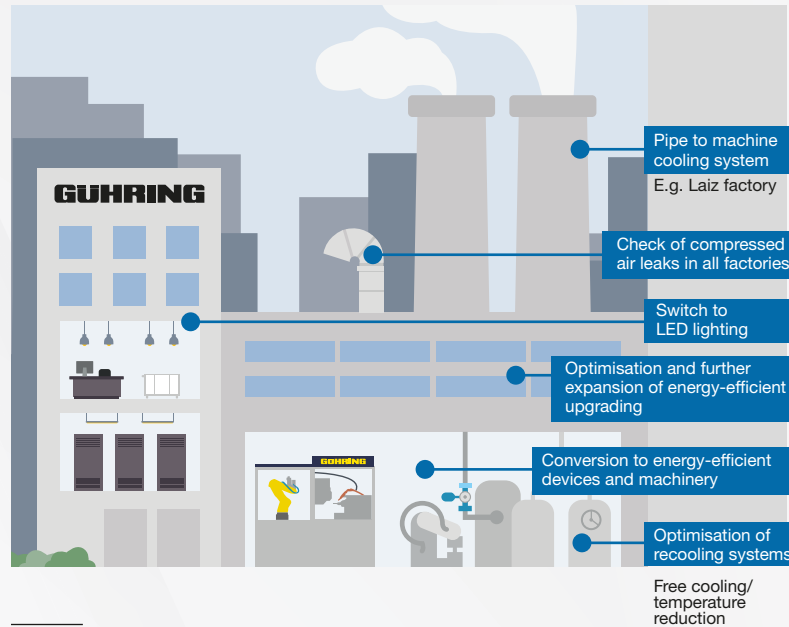
We regularly check for leaks in the compressed air systems in all plants and by 2022, we will have converted the lighting systems to LED lighting.

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THE ENVIRONMENT

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

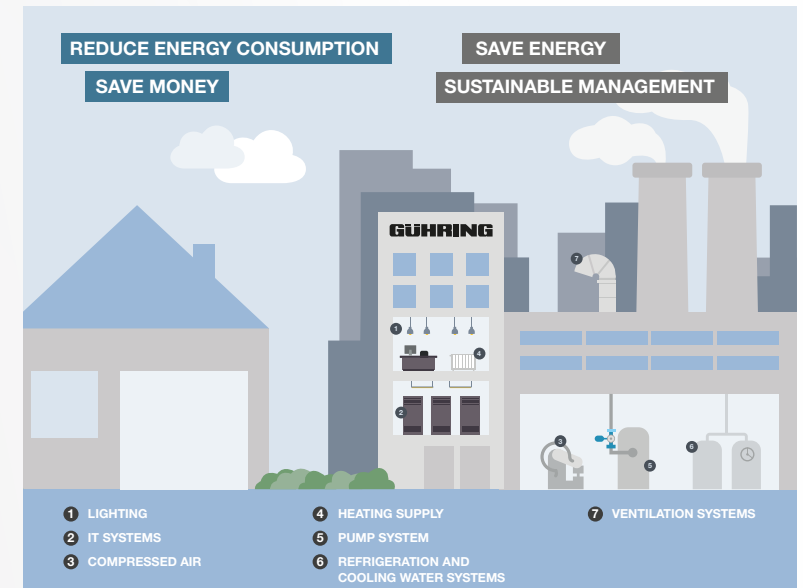
The optimisation and further expansion of energy-efficient upgrades is also being continuously examined. For example, we are focussing on converting to energy-efficient devices and machinery or optimising the recooling systems. For example, we put a new central process cooling system with integrated control cabinet cooling and 100% free cooling at temperatures below 12°C into operation at our site in Laiz during the reporting period.



GRI 302-4

Another example of how we want to tackle the reduction of our energy consumption is a concept for energy-efficient driving, which was planned in the reporting period and has already been partially implemented. Business travel is an especially relevant energy factor in our company. Adopting the correct driving style, for example, can save up to 25% in fuel, which in turn can reduce our carbon emissions, and

also makes economic sense. Over the next few years, this approach is expected to be further developed so that we can specifically measure and further increase the reduction. In order to establish the topic of energy saving even more firmly in the company, we will be offering training courses on this topic for our employees starting next year. It is important to us to communicate that every employee can and wants to save energy. To achieve this, employees need to be informed about the subject of energy saving and incentives for employee motivation (CIP) must be created. However, our measures go beyond mere training. The Energy Team has designed a comprehensive communication package to continuously draw attention to this important topic and also to convey knowledge. In addition to flyers, posters, mailings, brochures and newsletters, this topic is already included in the induction plan during the induction of new employees. We try to reach all our employees with target-group oriented communication.



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THE ENVIRONMENT

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

Energy consumption ¹ :	2019	2020
Electricity (in kWh)	49,927,866	44,155,306
Natural gas (in kWh)	8,113,034	8,414,857
Heating oil (in kWh)	3,397,043	1,102,133
District heating (in kWh)	Not available	Not available
Fuel (in kWh)	14,650,684	10,181,755
Total (in kWh)	76,088,627	63,854,051

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

GRI 302-1

Emissions – carbon footprint

For the first time in this reporting year, we carried out a life cycle analysis, whereby we systematically review the environmental impact of products throughout their entire life cycle.

Our aim is to determine how we are currently positioned to minimise emissions. We are guided by the objectives of the EU Commission and the United Nations: by 2050, Europe is set to become the first CO₂-neutral continent and implement the limit of global average warming to below 2°C by 2030.

When calculating greenhouse gases, we differentiate between direct and indirect emissions. According to the GHGP (Green House Gas Protocol), corporate emissions are divided into three 'scopes'. Our objective for the first analysis was to calculate scope 1 and 2.

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

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

Carbon footprint 2020

Scope 1: direct greenhouse gas emissions

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

Heating oil (in kg CO ₂)	350,478
Natural gas (in kg CO ₂)	2,078,470
Diesel (in kg CO ₂)	3,278,941

Total emissions (in kg CO₂) 5,707,889

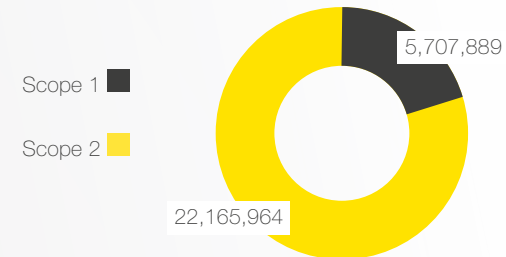
Scope 2: indirect greenhouse gas emissions

CO₂ emissions in kg for purchased electricity

Electricity (in kg CO₂) 22,165,964

Total emissions (in kg CO₂)
Gühring KG scope 1 & 2 27,873,852

CO₂ emissions 2020 (in kg)



GRI 305-1, GRI 305-2

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THE ENVIRONMENT

- 3.1 Environmental management
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Emissions in logistics

At Gühring, the goals of reducing emissions and reducing cost in logistics are in harmony. The economic and environmental goals in the area of transport/logistics do not create a conflict of objectives; we believe they can be achieved together. Slower shipments produce lower emissions and are cheaper. A small number of large shipments is cheaper than several small shipments and also produces less CO₂. A pilot project is currently testing how many cost and emission savings can be achieved by switching from air freight to rail or waterborne transport, on the condition that the agreed delivery times are met.

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

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

Water and waste water

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

Water consumption: *	2019
Fresh water (in m³)	20,257.29
Waste water (in m³)	20,226.29

GRI 303-3, GRI 303-4

*The data from 2020 was not yet available at the editorial deadline.

3.3. Waste management and recycling

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

Waste

We only work with qualified companies when it comes to waste disposal. At all our locations, these are the certified waste disposal companies. The Waste Management Officer is responsible for verifying the proper disposal of waste. In this way, we ensure that changes in laws are identified and implemented in compliance with the law. We do not dispose of waste abroad, nor do we incinerate or send waste to landfill.

Our internal procedural instructions require that waste be avoided first and foremost and then recycled if that is not possible. The aim is to minimise the environmental impact as much as possible.

In doing so, we follow the these principles:



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

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THE ENVIRONMENT

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

Our waste consists of:

Waste generation and disposal (in t)	2020
Hazardous waste	391.13
Non-hazardous waste	891.01

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

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

Dual system (sales packaging)

Plastics	4.165 t
Paper / cardboard / cartons	0.314 t

Transport packaging

PE film	6.247 t
Paper / cardboard / cartons	33.803 t

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

Recycling of carbide waste

By recycling of own raw materials, such as scrap carbide or carbide sludge, we minimise our waste generation and the resulting impacts. When recycling hard metal, we have the waste products reprocessed in such a way that they can be reused, thus saving valuable resources. Since we are consumers of carbide, this gives us the opportunity to save resources and reduce costs by recycling our own scrap and scrap bought back from customers.

GRI 306-4

Recycled packaging materials

Every type of packaging in general, and also in our company, is liable to sustainability issues. For example, an enormous amount of water is used in the production of cardboard packaging and, in the best case scenario, no imprints with mineral oil are used. That's why at Gühring we like to use an alternative. Our wooden packaging is made from renewable raw materials and can be reused several times.

The reconditioning and recycling of our wooden packaging from our PCD production (polycrystalline diamond) is therefore an example of how we deal with the issue of packaging. For us, recycling means that the packaging comes back from the customer, is reconditioned and then reused.

Thanks to the high quality of the wood packaging, we are able to recondition and reuse it. This not only saves valuable resources, but also reduces waste generated by customers. Since 2019, we have been sanding and reconditioning wooden packaging crates for finished tools that are retrieved from the customer so that we can reuse them. In total, almost 4,500 boxes have already been reconditioned and reused.

We are currently reviewing which customers will be able to additionally collect the packaging again so that it can be taken directly from there for reconditioning. The packaging return process is being gradually extended so that we can reuse as much packaging as possible after reprocessing. In addition, we are currently examining an alternative for our plastic packaging. We aim to use 100% recycled plastic packaging wherever possible, and recycle waste so that it can be put back into circulation.

GRI 301-1

A woman wearing yellow safety glasses, a blue shirt, and dark overalls is smiling and looking upwards. She is wearing yellow gloves and is working on a construction site. The background is a bright, yellowish-white, suggesting an indoor or well-lit outdoor environment. The image is partially obscured by a large yellow triangle on the left side.

EMPLOYEES AND SOCIETY

4.1 Employees

4.2 Training and education

4.3 Diversity and equal opportunity

4.4 Workplace safety standards and health protection

4.5 Social responsibility

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Employees and society

- 4.1 Employees
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- 4.3 Diversity and equal opportunity
- 4.4 Workplace health and safety standards
- 4.5 Social responsibility

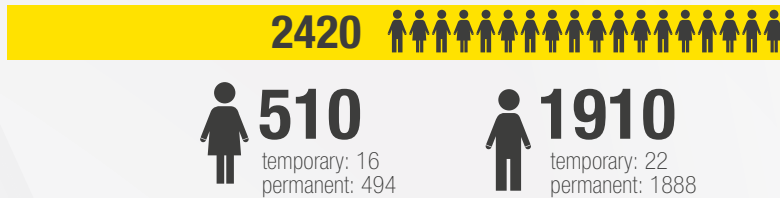
As a company, we have a special responsibility for our employees and society. We fulfil this social responsibility both in our treatment of our employees and as a regional employer. Assuming regional responsibility means setting ourselves up for the future. It is not only about attracting, retaining 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

Our company's most important resource is our skilled employees. We currently employ 2420 people at Gühring KG. Personal development opportunities, a healthy working environment and the opportunity to combine work and family life are just some of the factors we focus on with our employees.

Employees in figures / overview of employee structure:

Total employees:



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

As a result, the satisfaction of our employees is also reflected in our stable staff turnover rate. The staff turnover rate has been relatively stable for years and ranges between 5 and 6%. In the reporting period, it was 5.4%.*

GRI 401-1

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

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

GRI 401-2

Remuneration policies

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

Percentage of employees covered by collective agreements:

Covered by collective agreements	79%
Not covered by collective agreements	21%

GRI 102-41

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

GRI 202-1

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

GRI 402-1

Employees and society

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Parental leave

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

GRI 401-3

4.2 Training and education

At Gühring, we attach great importance to quality training and education. That is why we offer 12 different technical apprenticeships and business training courses at our locations, ranging from industrial mechanics to precision tool mechanics to industrial business management and IT with various specialisations.

Due to the increasing importance of digitalisation, which is also gaining importance at Gühring, we are constantly opening up new training opportunities, such as e-commerce training, which we have been offering since 2019. We currently have more than 210 apprentices and trainees and dual study students in 12 different apprenticeships or courses.

	Number of apprentices and trainees
Business (5 courses)	28
Technical (3 courses)	159
Studies (3 dual study programmes + combined university and vocational training)	24
Total	211

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

But we offer our apprentices and trainees even more: 'Azubi Flitzer' cars are available at the various locations. These are cars that can be used by the apprentices and trainees if they have to drive to another location

or perform other tasks as part of their training. We also hold a wide range of team events and celebrations every year. Apprentices and trainees also have the opportunity to attend internal foreign language courses.

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

The training course for our apprentices and trainees to become 'energy scouts' offers them a particularly good opportunity to investigate the topic of sustainability and energy. Some of our second and third year trainees and apprentices are given the opportunity to train as an energy scout and are involved in energy management issues and projects related to energy. The training is part of an Chamber of Industry and Commerce (IHK) seminar. Particular attention is paid to ensuring that apprentices and trainees from different areas receive this further training and that the knowledge acquired is brought into different areas of the company.

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

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)

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are part of our human resources development. We pursue the following goals in HR development:

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

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



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

Of course, we also offer our employees the opportunity to receive further training externally. We are happy advise employees on advanced training or language courses in order to provide tailored support to them in achieving their qualification. Due to bundling different needs, internal training sessions with external speakers are also frequently planned.

This involves, for example, management training or sales training. A total of 5521 training hours took place in the reporting period.

In order to make the topic of sustainability even more present in our company, a new training course on sustainability was planned in the reporting period and is to be held once a year from the 2021 financial year. In terms of content, all three dimensions of sustainability in relation to our company will be taught.

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

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

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4.3 Diversity and equal opportunity

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

Irrespective of individual differences, everyone is entitled to fair and equal treatment, and 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 and tolerance in dealing with each other.

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

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

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

Breakdown of our employees according to age groups and vulnerability

Age structure	Total number of employees	Number of vulnerable people
U30 male	386	1
U30 female	113	1
30-50 male	952	20
30-50 female	270	7
50+ male	572	85
50+ female	127	17

GRI 405-1

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

GRI 406-1

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4.4 Workplace health and safety standards

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

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

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

S = substitution

T = technical measures

O = organisational measures

P = personal measures

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

Work 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 health and safety and accident prevention issues takes place in these meetings. The avoidance of hazards and risks is also reviewed in the annual audits.

The number of workplace accidents dropped by 19.76% in 2019 compared to 2018. The trend of recent years shows us that the number of accidents is decreasing over the years. Our measures, such as training and raising employee awareness of workplace health and safety, are therefore having an impact. True to the motto 'safety first'!

Work-related injuries*

	Fatalities	Severe injuries	Work-related injuries
Salaried employees	0	0	47 (reportable)
Non-salaried employees	0	0	5 (reportable)

* The data relates to FY 2019, as no complete data for 2020 has been published.

Hazardous situations

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

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Health protection

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

We have redesigned our work processes in such a way that as little contact as possible was required. Work-from-home opportunities were expanded and developed, hygiene measures and social distancing were defined and a mask mandate introduced.

We have prepared a detailed process plan in case there is a positive case of coronavirus in our company. In addition, personal protective equipment has been extended to all employees, for example masks, disinfectants and the installation of plexiglass panels, so that all hygiene standards can be met. Employees have been able to use their own test device to test themselves if they suspect they have the virus and take further steps. Clear rules have also been established for business trips.

Our corporate health management

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

We are currently introducing a new comprehensive health management system.

The following aspects have already been implemented:

- Company integration management (discussions after long-term illness)
- Health promotion
- Disease statistics
- Mental health / mental stress

Our medical service:

The topic of prevention is crucially important in workplace health and safety. Establishing a solid culture of prevention empowers people to think and act preventively and helps ensure that health and safety are lived in the company as a matter of course and carried over into every-day activities. This leads to increased motivation and satisfaction, fewer accidents at work and a better quality of work. That is why at Gühring we work with a competent consultant who advises us on all matters relating to workplace health and safety and healthcare.

In addition to providing advice on all matters relating to workplace health and safety, our medical service supports us in accident prevention, the planning of workplace health and safety measures, the design of workplaces, the working environment, workflow and work organisation, the organisation of first aid in the company as well as the selection and testing of personal protective equipment, and in health screenings or vaccinations. We attach particular importance to consultations on the interrelation between our own work and the health of individual employees.

GRI 403

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

GRI 419

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4.5 Social responsibility

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

For example, the Berlin location has a partnership-based cooperation with workshops for people with disabilities. The location there works with a total of eight different workshops with varying activities for the employees and the different workshops. Some employees support us in the packaging and labelling of tools, others prepare them for dispatch or sort the tools. A total of more than 140 employees work for us in the individual workshops. Due to the high support staff ratio, we achieve a high level of quality through these employees. The topic of inclusion in particular plays an important role for us. The integration of people with disabilities is therefore a given for us.

As we have not only outsourced the work, but also anchored a disability workshop directly in one of our plants, we attach great importance to the design of these workplaces. For example, a move and expansion of the Mosaik disability workshop took place during the reporting period. Around 70 employees from the workshops work at the location itself.

By moving to approx. 1,200 m², we doubled our capacity. The disability accessible workplaces have been refurbished; a new laser marking

system has been integrated and new disability accessible changing and sanitary rooms have been established. This investment in the expansion of the workshop is therefore essential not only for our company, but also for the employees of the Mosaik disability workshop.

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

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

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

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

GRI 203, GRI 413-1

General standard information

Organisational profile

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

Strategy

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

Ethics and integrity

- 102 - 16 **Values, principles, standards and norms of behaviour**
Chapter 1.2 Corporate policy
Chapter 1.3 Corporate governance and compliance

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

Governance

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

Stakeholder engagement

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

Reporting practice

- 102 - 45 **Entities included in the consolidated financial statements**
About this report
- 102 - 46 **Defining report content and topic boundaries**
Chapter 1.5 Materiality process and stakeholder management
- 102 - 47 **List of material topics**
Chapter 1.5 Materiality process and stakeholder management
- 102 - 48 **Restatements of information**
Gühring KG is publishing its first CSR report this year
- 102 - 49 **Changes in reporting**
Gühring KG is publishing its first CSR report this year

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- 102 - 50 **Reporting period**
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- 102 - 53 **Contact point for questions regarding the report**
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- 102 - 55 **GRI content index**
GRI content index
- 102 - 56 **External assurance**
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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**
Our operations are not audited.
- 205 - 2 **Communication and training about anti-corruption policies and procedures**
This topic is part of the new sustainability training from the 2021 financial year onwards.
- 205 - 3 **Confirmed incidents of corruption and actions taken**
There are no known breaches in 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 a group parent company, Gühring KG is obligated to present its country-by-country reporting to the German fiscal authorities. Gühring KG naturally fulfils this obligation to the extent required by law.

Environmental performance indicators

Materials

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

Energy

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

Water

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

Biodiversity

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

- 304 - 3 **Habitats protected or restored**
See previous comment
- 304 - 4 **IUCN Red List species and national conservation list species with habitats in areas affected by operations**
Not applicable to Gühning KG.

Emissions

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

Waste

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

Environmental compliance

- 307 / 103 **Management approach disclosures**
Chapter 3.1 Environmental management
- 307 - 1 **Non-compliance with environmental laws and regulations**
Chapter 3.1 Environmental management

Supplier environmental assessment

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

Social performance indicators

Employment

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

Labour/management relations

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

Occupational health and safety

- 403 / 103 **Management approach disclosures**
Chapter 4.4 Workplace health and safety standards
- 403 -1 **Occupational health and safety management system**
Chapter 4.4 Workplace health and safety standards
- 403 -2 **Hazard identification, risk assessment, and incident investigation**
Chapter 4.4 Workplace health and safety standards
- 403 -3 **Occupational health services**
Chapter 4.4 Workplace health and safety standards

- 403 -4 **Worker participation, consultation, and communication on occupational health and safety**
Chapter 4.4 Workplace health and safety standards
- 403 -5 **Worker training on occupational health and safety**
Chapter 4.4 Workplace health and safety standards
- 403 -6 **Promotion of worker health**
Chapter 4.4 Workplace health and safety standards voluntary services are not offered to non-salaried employees.
- 403 -7 **Prevention and mitigation of occupational health and safety impacts directly linked by business relationships**
Chapter 4.4 Workplace health and safety standards
- 403 -8 **Workers covered by an occupational health and safety management system**
Chapter 4.4 Workplace health and safety standards
- 403 -9 **Work-related injuries**
Chapter 4.4 Workplace health and safety standards
- 403 -10 **Work-related ill health**
Chapter 4.4 Workplace health and safety standards

Training and education

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

Diversity and equal opportunity

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

Non-discrimination

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

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 2018 and 2020, for example, no donations were made 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 communications**

Chapter 2.2 Product quality and customer satisfaction

Customer privacy

418/103 **Management approach disclosures**

Chapter 2.4 Information security and data protection

418-1 **Substantiated complaints concerning breaches of customer privacy and losses of customer data**

Chapter 2.4 Information security and data protection

Socio-economic compliance

418/103 **Management approach disclosures**

Chapter 4.4 Workplace health and safety

419-1 **Non-compliance with laws and regulations in the social and economic area**

Chapter 4.4 Workplace health and safety

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<https://guehring.com/downloads/>.

Disclaimer

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