



KONRAD FRIEDRICHS
GERMAN CARBIDE



**Sustainability report of
Konrad Friedrichs GmbH**

Financial year 2024

About this report

Konrad Friedrichs GmbH is an innovative company that manufactures and distributes solid carbide rods and carbide preforms. Sustainability is at the heart of the company's strategy. This report presents the relevant values, performances and goals for a sustainable corporate strategy and documents the company's commitment to responsible global business practices.

The report is based on the guidelines of the Global Reporting Initiative (GRI). It is structured around four central fields of action: "Strategy & Management", "Products & Customers", "Environment" and "Employees & Society". The report contains the code no. required by GRI, which makes the sustainability performance of Konrad Friedrichs GmbH measurable. The selection of reporting topics is based on the principles of materiality, sustainability context, completeness, balance and stakeholder involvement. The previous sustainability report 2023 was published at the beginning of the year.

The detailed GRI index can be found in the report's appendix and provides an overview of all relevant information for fulfilling the GRI indicators. Unless otherwise stated, all information in this report refers to the 2024 financial year (1 January 2024 – 31 December 2024) of Konrad Friedrichs GmbH.

The KF CSR report is available in German and English. The report is published annually. If you have any questions or comments, please contact the sustainability manager at **service@german-carbide.com**.

Unless otherwise stated, all information in this report refers to Konrad Friedrichs GmbH.

The main contents from the GRI index and the topics identified in the materiality analysis in consultation with stakeholders form the focus of the report and define its reporting boundaries. The report is not subject to external review.

For the sake of readability, either the masculine or feminine form is used in personal references. This linguistic adjustment is intended solely for the sake of simplicity and does not constitute any discrimination against other genders.

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

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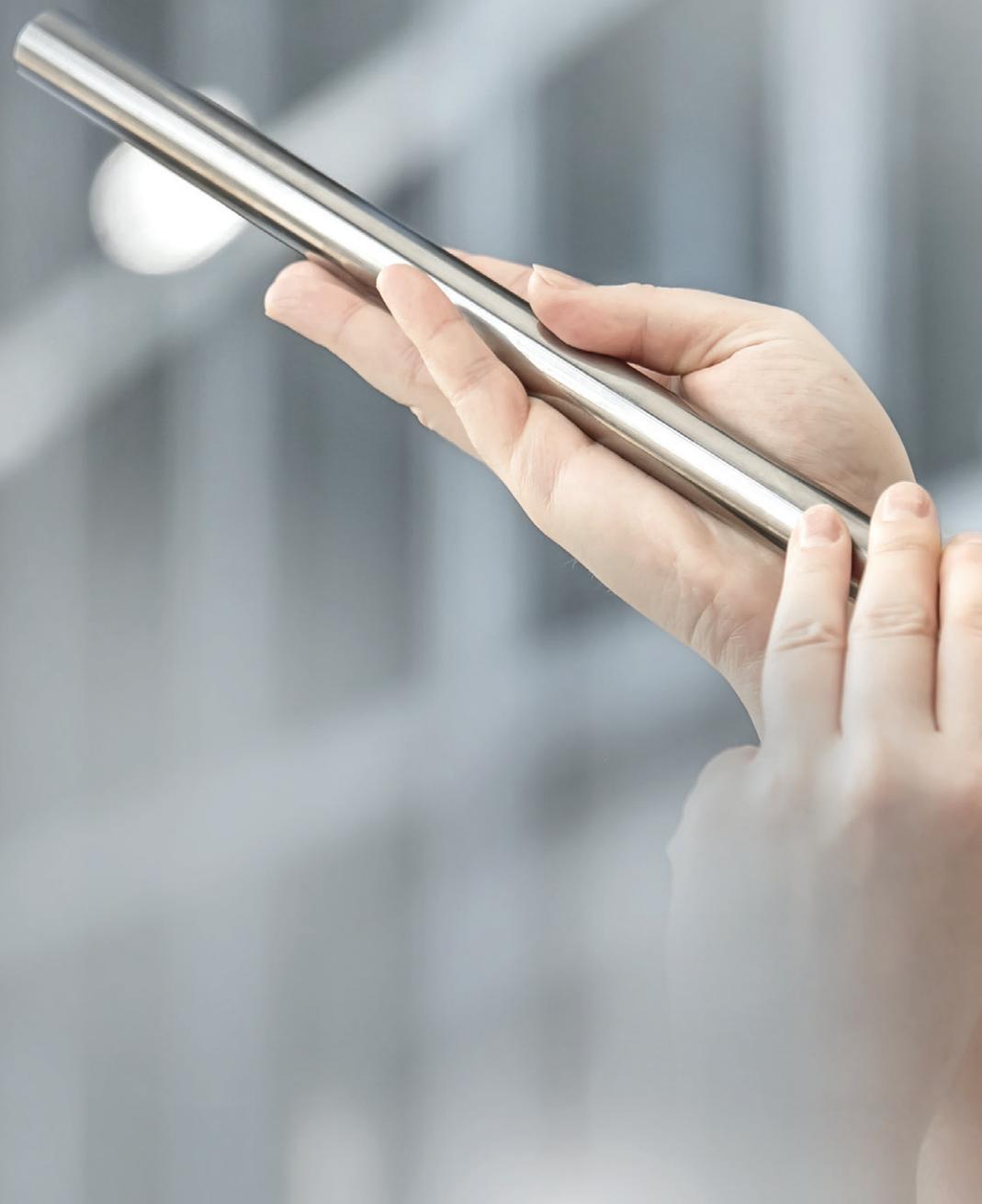


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Introduction to Konrad Friedrichs GmbH

Message from the Executive Board
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Introduction to Konrad Friedrichs

Message from the Executive Board
Sustainability indicators

**Dear Sirs or Madams,
Dear business partners,**

Our industry is undergoing profound change: the challenge is to secure our competitiveness while at the same time taking responsibility for the environment and society.

For Konrad Friedrichs, this means using resources efficiently, consistently reducing emissions and ensuring fair working conditions along the entire value creation chain.

For us, this is not a contradiction, but rather a driving force: sustainability and economic success go hand in hand. With this conviction, we are not only helping to shape change, but also providing our own drive to actively shape the future of our industry.

Our innovative zinc recycling process is an example of how technical innovation and environmental protection go hand in hand: in Germany, we recover almost all of the carbide powder from our own and purchased carbide scrap, which not only conserves valuable resources such as tungsten and cobalt, but also saves 64.8% CO₂ compared to manufacturing using primary raw materials.

Every innovation is driven by people: that is why we attach great importance to a fair and safe working environment, promote skills and maintain open dialogue with our stakeholders. Innovation and responsibility can only grow steadily in an environment that promotes security, fairness and respect.

With this report, we provide you with a transparent insight into our actions and invite you to continue on this path with us – for a responsible and sustainable industry.

Best regards,
Bernd Schwanz

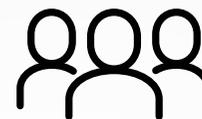
GRI 2-22





KONRAD FRIEDRICHS

GERMAN CARBIDE



175

employees of
Konrad Friedrichs



Certifications

DIN EN ISO 9001
DIN EN ISO 50001



For KF, taking regional responsibility means positioning itself for the future.

p.31 / Employees & Society

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

p.25 / Environment



0

fatalities or injuries with serious consequences

4

trainees

New carbide grade

Made from
100 %
recycled materials



78 %

of our strategic suppliers have signed our sustainability policy





Strategy & Management

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1.1 Company profile

Since its foundation in 1987 at its current headquarters in Kulmbach, Konrad Friedrichs GmbH, hereinafter referred to as KF, has developed into one of the world's leading manufacturers of carbide solutions through its commitment, professional competence and technical expertise. Today, the company employs 175 employees at its locations in Kulmbach and Thurnau. With an annual production volume of over 1,000 tonnes of carbide products, KF is represented in all major markets and central industries. As an essential part of the supply chain for the automotive industry, aerospace, mechanical engineering and medical sector, KF impresses with innovative carbide products that are manufactured in Germany to the highest quality standards. Thanks to flat hierarchies, the company ensures long-term value creation and high responsiveness.

The product range includes

- Carbide rods without coolant ducts
- Carbide rods with coolant ducts
- Various preforms

The headquarters are located in Kulmbach, supplemented by another production facility in Thurnau.

The management structure at KF is as follows

- Executive Board
- Division management
- Plant and department management
- Area and team management

The Executive Board sets the strategic corporate goals and policy. The respective responsibilities are defined in the corresponding organisational structures.

KF ensures sustainable economic stability through its broad industry presence. In addition to its core markets of the automotive industry, aerospace, mechanical engineering and medical sector, the company is in a state of preparation for future developments. KF responds flexibly to market requirements, whether in the field of electromobility or through innovations in energy technology. The increasing diversification of markets is met by the company with continuous development of its product, service portfolio and its expertise.

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

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1.2 Company policy

As a manufacturer of carbide products, KF is aware of its responsibility towards its employees, business partners, the environment and society. This sense of responsibility is firmly anchored in the company's policy. KF's corporate strategy is based on two central objectives: the zero-defect strategy and consistent environmental protection. These guidelines are based on eleven fundamental values, which are also listed in this report.

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

Code of Conduct

KF is guided by the ten principles of the United Nation's Global Compact, which not only emphasise compliance with all applicable laws, but also promote cooperation with suppliers to ensure responsible conduct throughout the entire supply chain.

The company attaches great importance to respecting the dignity and personal rights of every individual and all parties affected by its business activities, business relationships or products. The protection of human rights is deeply rooted in corporate responsibility and is ensured by internal management systems. KF respects freedom of association and recognises the right to collective bargaining.

Any form of forced or child labour is strictly rejected, while the company is actively committed to combating discrimination in recruitment and employment.

KF's environmental management is based on the precautionary principle. At the same time, the company promotes awareness of environmental protection within the organisation and actively supports the development of environmentally friendly technologies. The focus lies on protecting natural resources: KF is committed to the responsible use of resources and attaches great importance to waste prevention and recycling.

KF is committed to creating fair working conditions and promoting diversity and equal opportunities. The recognition of employee representatives and trade unions is an integral part of the company's policy. In addition, KF is firmly opposed to corruption, extortion and bribery. Regular internal audits ensure that the highest ethical standards are maintained, while the company pursues fair competition.

Through consistent adherence to its code of conduct, KF aligns itself with the UN Global Compact, the world's leading initiative for sustainable and responsible corporate governance. In this way, the company actively contributes to promoting an inclusive and sustainable global economy – for the benefit of people, communities and markets, today and in the future.

GRI 407, GRI 408, GRI 409

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1.3 Corporate governance and compliance

Acting responsibly and in compliance with the law is a central component of KF's corporate philosophy. Compliance management ensures that all business activities are conducted in accordance with applicable laws and ethical principles. Unconditional commitment to compliance with all legal requirements is a matter of course for KF.

The compliance policy aims to ensure a high level of integrity and reliability. It defines basic behavioural requirements for all employees and serves as a guideline for dealing with ethical and legal issues. It also helps to avoid potential conflicts of interest and applies as a binding framework to all areas of the company.

KF attaches great importance to a respectful and fair corporate culture. Diversity and equal opportunities are essential principles that promote an inclusive working environment. Safe and healthy working conditions are also a central aspect of occupational health protection. The protection of employee rights and the recognition of trade unions and employee representatives are an integral part of corporate practice.

The policy sets out basic requirements for acting with integrity and responsibility within the company. These include regulations for avoiding conflicts of interest, protecting sensitive information and assets, and complying with data protection and security standards.

KF assumes responsibility for social issues and is committed to respecting human rights. The company strictly rejects child labour and forced labour and respects the rights of minorities and indigenous peoples. Its commitment to sustainable production processes is reflected in its environmental and energy management principles.

In its cooperation with business partners, KF also focuses on promoting fair competition and consistently rejecting corruption and bribery. Transparent processes and compliance with clear rules for gifts, invitations and donations are fundamental principles.

In addition, the company supports legal requirements for whistleblowing and ensures that whistleblowers are protected from possible reprisals.

GRI 2-23, GRI 2-24

Whistleblower system

If employees or external parties become aware of possible misconduct that violates company guidelines or applicable law, KF offers various options for reporting such incidents.

The company has established a structured system for recording complaints, reports and relevant information. Since 2023, a complaint management system has been available on the KF website, which allows concerns to be submitted anonymously or confidentially. This includes, in particular, reports of violations under the Supply Chain Due Diligence Act (e.g. human rights violations or environmental violations) and the Whistleblower Protection Act.

Alternatively, the legal department, the human resources department and direct supervisors are available as first points of contact for reporting violations of regulations. KF assures that all reports will be carefully examined and that consistent measures will be taken in cases of justified suspicion. Any form of retaliation or discrimination against whistleblowers is strictly rejected.

All reports received and related information will be treated with the utmost confidentiality and, if desired, handled anonymously.

GRI 2-16, GRI 2-25, 2-26

Tax policy

The financial and tax tasks of Konrad Friedrichs GmbH are mainly performed by the centralised administrative departments of the parent company Gühring KG. In addition, a profit transfer agreement with

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Gühring KG creates a corporate tax, trade tax and VAT group.

The Gühring Group does not have a written tax policy. The Finance and Accounting department is responsible for compliance with tax laws in close consultation with the appointed tax advisors. This applies in particular to income and earnings taxes and VAT. For other types of tax (e.g. payroll tax or customs duties), other divisions of the company are primarily responsible.

Within the framework of the tax strategy, it should be noted that business decisions are not generally made primarily on the basis of tax considerations. If there is scope for manoeuvre within the framework of options, this is generally used in such a way that it is advantageous for Konrad Friedrichs in accordance with the applicable laws (e.g. declining balance depreciation, waiver of capitalisation of components of manufacturing costs that are not subject to capitalisation).

Legally permissible leeway is discussed internally under the above conditions and, if deemed applicable, closely coordinated with the tax advisors responsible for preparing the tax return.

After the preparation of the tax returns by the appointed tax advisors, they are checked for accuracy and plausibility by employees of the finance and accounting department. Written approval from the director is required before they are submitted to the tax office.

The principle of tax honesty is a high priority at the Gühring Group. Employees in finance, accounting and other areas of the company regularly attend training events and are encouraged to openly communicate any indications of possible action required or even errors to the respective department head or directly to the Executive Board. Special cases or cases of doubt are reviewed for possible tax consequences and coordinated with the tax advisors.

GRI 207

1.4 Sustainability management

Organisational anchoring of sustainability in the company

Taking a wide range of sustainability aspects into account has long been a central component of KF's corporate policy. Sustainability is an overarching theme that runs through all business areas and is continuously adapted to legal and social requirements. In order to meet these obligations, responsibility for sustainability is anchored within the "Administration" business area in the "Legal & Compliance" department.

To raise awareness among employees, a sustainability training course has been created in the form of a training video, which is available via the internal training portal. This allows a large number of employees to be reached at the same time. The training course teaches basic terms and concepts relating to sustainability, compliance, sustainable opportunities and risks, environmental and energy aspects, carbon footprinting and human rights. The training course is completed via the internal training portal.

KF's approach to sustainability

The principle of sustainability has long been anchored in KF's corporate policy. Economic, environmental and social aspects are integral parts of the company's compliance guidelines, which are based on the ten principles of the UN Global Compact.

A central focus of KF's sustainability strategy is the responsible use of resources and the environment. The company pursues a future-oriented business model that aims to create opportunities without jeopardising the foundations for future generations. Sustainable management is an integral part of all areas of the company and encompasses not only environmental protection, but also social, legal and economic aspects.

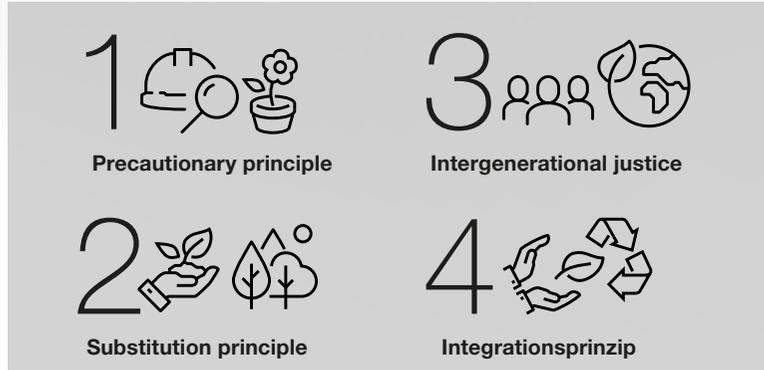
In order to actively promote global sustainable development, KF defines clear sustainability principles that serve as the basis for the long-term and responsible alignment of the company.

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KF's four principles of sustainability



1| Precautionary principle

Potential burdens and damage to the environment and people should be avoided at an early stage or reduced as far as possible. KF is guided by this principle in its approach to environmental and health issues. Potential risks are evaluated and assessed through comprehensive analysis. Even if complete certainty about the nature and extent of the damage is often lacking, this approach can help prevent damage. This precautionary approach serves as a decisive basis for decisions on business activities.

2| Substitution principle

For non-renewable resources and environmentally harmful materials, the principle that environmentally friendly alternatives should always be considered and implemented wherever possible applies. KF has been following this principle for a long time: wherever hazardous substances or environmentally harmful materials can be replaced by more sustainable options, this approach is consistently pursued.

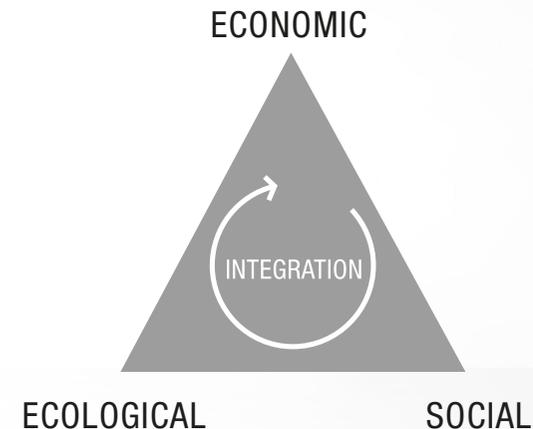
3| Intergenerational justice

Preserving the quality of the global ecosystem for future generations is essential. Through the principle of intragenerational justice, KF ensures that it acts responsibly so that future generations also have the same opportunities to enjoy an intact and functioning ecosystem.

4| Integrational principle

Environmental management aspects are incorporated into the planning and implementation of economic measures, while social and economic factors are taken into account in environmental measures. This principle shapes all decisions within the company. KF lives by the concept of sustainability, which combines the three dimensions of ecology, economy and social responsibility. Only through the holistic integration of these fields can the other principles be adhered to and an effective contribution made to sustainable development.

KF's understanding of sustainability is therefore based on the following integrated sustainability triangle:



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The integrated sustainability triangle implies three dimensions:

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

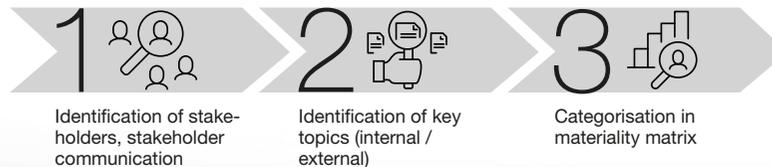
The integrative character arises from the close interaction and interdependence of all dimensions, which are linked in many ways. Therefore, the goal of a sustainable strategy is always to combine, integrate and simultaneously consider all three dimensions.

GRI 2-14, GRI 412-2

1.5 Materiality process and stakeholder management

KF maintains a continuous dialogue with its stakeholders in order to understand their expectations and requirements and respond to them in a targeted manner. As part of the materiality process, the initial focus was on identifying the relevant stakeholders and developing structured stakeholder communication. The company then conducted a materiality analysis to identify the issues that are particularly important to KF. The results were systematically processed and presented in an overview.

The process for determining the material topics is based on three steps.



GRI 3

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KF stakeholder groups

KONRAD FRIEDRICHS				
Company	Customers & business partners	Government & politics	Social Interest groups	Capital market / financial market
Employees	Customers	Public authorities and certification bodies	Residents & neighbourhood	Investors & analysts
Director/ shareholder	Suppliers & service providers	Lawmakers	Family	Banks
Advisory	Associations & Networks	Professional associations	Applicants	Insurance
Company doctor	Auditors & certification bodies		Company / public	Health insurance
Works council Trade unions	Subsidiaries		Universities & schools	

Stakeholder dialogue

KF is in regular contact with various stakeholders and stakeholder groups, as shown in the figure "KF stakeholder groups". While some of these groups are directly affected by the company's activities, others have a direct influence on internal ordering processes.

The company attaches great importance to open and transparent communication with its stakeholders. In order to promote close ties with customers and business partners, KF relies on both personal interactions – for example, through participation in trade fairs and events – and modern digital communication channels. This combination enables flexible and barrier-free exchange, strengthens trust in the products and contributes to long-term customer loyalty.

The graphic illustrates the dialogue with stakeholders

KONRAD FRIEDRICHS	
Entrepreneurs: <ul style="list-style-type: none"> • Conferences • Workshops • Dialogues within industry initiatives • Events • Training courses • Contracts • Participation of company experts in committees (committee work) • Working groups • Memberships in initiatives and associations • Discussions • Factory tours • Dialogue with employees and managers 	<ul style="list-style-type: none"> • Employee survey • Idea management • Internal communication • Intranet • Surveys • Internet/social media • Media/press information • Email • my-IT portal • Telephone • Notices and announcements • Newsletter
Customers and partners <ul style="list-style-type: none"> • Conferences • Workshops • Dialogues within industry initiatives • Events • Training courses • Contracts • Participation of company experts in committees (committee work) • Working groups • Memberships in initiatives and associations • Discussions • Factory tours • Internet/social media • Media/press releases • Environmental statements • Email • Notices and announcements 	Social interest groups <ul style="list-style-type: none"> • Conferences • Workshops • Dialogues within industry initiatives • Events • Training courses • Contracts • Participation of company experts in committees (committee work) • Working groups • Memberships in initiatives and associations • Discussions • Factory tours • Internet/social media • Trade fairs • Media/press releases • Environmental statements • Email • Notices and announcements, newsletters
Government and politics <ul style="list-style-type: none"> • Conferences • Dialogues within the framework of industry initiatives • Events • Contracts • Participation of company experts in committees (committee work) • Contacts in politics • Dialogue with employees and managers • Internet/social media • Media/press releases • Environmental statements • Email and phone 	Capital market <ul style="list-style-type: none"> • Conferences • Dialogues within the framework of industry initiatives • Events • Working groups • Memberships in initiatives and associations • Discussions • Plant tours • Dialogue with employees and executives • Media/press information • Email • phone • myIT portal

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In addition to the stakeholders mentioned, exchange within associations and interest groups as well as with external initiatives is also particularly important. KF therefore supports a number of initiatives and organisations.

List of the most important memberships and associations

- Professional Association for Powder Metallurgy
- Chamber of Industry and Commerce

GRI 2-28

Identification of key topics

A comprehensive materiality analysis was conducted to identify the central topics for the sustainability report. This was confirmed by all departments during the reporting period and forms the basis for the contents of the current sustainability report.

The analysis focused on both internal company requirements and the expectations of various interest groups. In particular, the perspective of stakeholders was taken into account in order to specifically evaluate relevant topics. The aim was to prioritise key fields of action and central topics. This prioritisation serves not only to specifically control sustainable measures, but also to shape the contents of the sustainability report.

GRI 3

Results of the materiality analysis

As part of the analysis and through internal adjustments and coordination, four central fields of action were defined based on the following core topics. The graphical representation of the materiality assessment illustrates how the stakeholders involved evaluated these aspects. These identified key topics form the basis of the contents of this report.

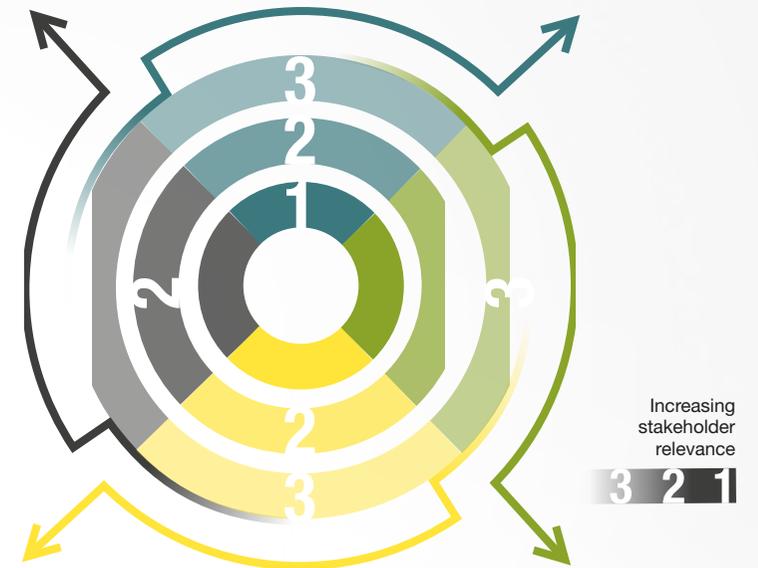
GRI 3

Strategy & management

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

Products & customers

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



Employees and society

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

The environment

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

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1.6. Risk management

KF has established a comprehensive risk management system that covers the entire company in order to identify risks at an early stage. All risks that arise are identified by all primary functions along the value creation chain and the associated cross-functional units and reported on a regular basis. Risk management thus offers the opportunity to actively influence risks in a timely manner.

Every business activity involves risks. Risk management therefore permeates and optimises ordering processes, structures information and initiates the flow of information. The aim of the risk policy is to secure the company's existence, optimise the costs of dealing with risks and ensure the company's success. This is achieved through optimal design of the risk portfolio.

At KF, strategic planning covers a period of 10 years. The specialist departments assess the core risks annually to ensure that these risks are dealt with proactively. The risks are summarised in a risk report, which enables the Executive Board to make a comprehensive and timely assessment of the risk situation.

The identification and control of risks at KF follows the principle of decentralisation. Risks are recorded and controlled where they arise or are caused, namely by the risk managers in the various functional areas.

KF continuously identifies and controls risks in the specialist departments. The decentralised structure and the involvement of department heads and operational levels in the risk management processes ensure consistent awareness of risk-relevant activities or events. This creates a strong awareness of the potential negative and positive consequences of business activities.

The risk controller initiates and evaluates a risk inventory at regular intervals. This also includes the identification and management of cross-functional risks or those of a "global" nature, such as political risks. In principle, the aim is not only to identify obvious risks, but also to detect weak signals that could develop into more serious risks over time, in the sense of an early warning system. The risk controller monitors and evaluates risk management measures in terms of their effectiveness and cost-effectiveness. In addition to recording and evaluating risks, risk managers are also required to implement appropriate control measures during the risk inventory. Measures that are not expected to be effective or economical must be identified by the risk controller.

Risks are controlled through targeted measures primarily in the specialist departments. Corporate Controlling monitors the implementation and effectiveness of these measures. Risks that pose an existential threat or could have a significant impact on KF's financial strength, reputation, delivery and performance must be reported separately. Serious changes must be reported to the Executive Board immediately. Environmental aspects and risks associated with the effects of climate change (such as storm damage, storms or location-specific situations) are also queried and taken into account.

Risks with serious consequences or that could threaten the company's existence are monitored continuously throughout the year by the risk managers. Changes in the probability of occurrence and/or the amount of damage must be documented and, if necessary, communicated immediately to the corporate controlling department and the director. In the event of imminent or acute damage, employees in their respective areas of responsibility are required to take risk management measures immediately.

KF's risk management is subject to ongoing control and audit. As an integral part of this, an internal audit system has been installed to monitor operation processes throughout the company for compliance with guidelines and legal regulations.

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Strategie & Management

- 1.1 Unternehmensporträt
- 1.2 Unternehmenspolitik
- 1.3 Corporate Governance & Compliance
- 1.4 Nachhaltigkeitsmanagement
- 1.5 Wesentlichkeitsprozess & Stakeholdermanagement
- 1.6 Chancen- & Risikomanagement

In future, KF plans to increasingly realise opportunities through targeted efficiency projects in the respective specialist areas. The identification and exploitation of opportunities will be more firmly anchored in the operating units, with the implementation and realisation of efficiency projects making a significant contribution. This approach not only promotes the integration of sustainable practices into KF's daily ordering processes, but also strengthens company-wide responsibility for identifying and implementing positive development opportunities. By focusing on efficiency projects as part of opportunity management, KF is helping to promote a sustainable and responsible corporate culture.

GRI 2-13

Significant opportunities and risks for future development

As an integral part of a globally operating group of companies, Konrad Friedrichs GmbH is exposed to risks in the carbide industry that are increasing in size with growing globalisation and competition. As a supplier, the business and product-related risks lie particularly in the development of the customer industry, the tool industry, which in turn is largely dependent on the economic situation of the automotive industry, aerospace technology and mechanical engineering.

The prices for tungsten and cobalt on the raw materials market also continue to pose a risk. The price of ammonium paratungstate, which is the precursor for the main raw material tungsten carbide, rose very rapidly in several steps from April to June 2024, from USD 305/mtu to USD 355/mtu, and then fell back to USD 328/mtu by December.

Cobalt, the binding material required for carbide production alongside tungsten carbide powder, recorded the opposite price trend, falling by almost a further 20% in USD terms in the first nine months and has since stagnated at this historically low level.

Most of the world's tungsten deposits are located in China. Konrad Friedrichs GmbH strives to minimise the purchase of ammonium paratungstate from China in order to achieve a certain degree of independence from the Chinese raw materials market.

The modification of hard and soft scrap (secondary raw materials) from Gühring tool production has already been established in the past and was continued consistently in 2024.

The recycling of secondary raw materials is also becoming increasingly important from both an economic and an ecological point of view. In this context, our concept of a circular economy was implemented in the 2024 financial year:

We presented the "Gühring Tool Circle" to our end customers and thus began to establish a sustainable circular economy across company boundaries. We take back worn out carbide tools and, with our newly created recycling capacities, can recover the carbide powder for the production of new bars. This brings economic and, above all, ecological advantages for both the Gühring Group and our end customers: The Institute for Applied Sustainability has confirmed that recycling carbide at Gühring saves 64.8% CO₂ compared to using commercially available carbide powder from primary materials.

GRI 201-2



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- 2.3 Responsibility in the supply chain
- 2.4 Information security and data protection

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Products & Customers

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- 2.4 Information security & data protection

2.1 Sustainable products

Zinc recycling from carbide – a sustainable milestone at KF

Since July 2023, KF has been taking an important step towards resource conservation and the circular economy: with the implementation of an innovative zinc recycling process for recovering carbide from its own and purchased carbide scrap, the company is sending a strong signal for sustainable production.

Social aspect

Carbide raw materials such as tungsten and cobalt are often mined in countries with difficult social and political conditions. In addition, raw materials such as cobalt are considered conflict minerals, the extraction of which partly finances armed conflicts and whose availability is steadily declining.

By using our new zinc recycling process to recover WC-Co powder from our own raw materials, we are reducing the need to purchase such critical primary raw materials. Every piece of recycled carbide scrap is an active contribution to avoiding these risks – and a signal for greater social responsibility along the supply chain. Our goal is to promote humane, fair and conflict-free raw material procurement.

Background and motivation

Carbide products consist largely of valuable raw materials such as tungsten carbide (WC) and cobalt (Co), the procurement of which is associated with high costs and strong dependencies on global raw material markets. Raw materials account for up to 80 % of production costs – a significant lever for economic and ecological optimisation. In view of fluctuating prices and geopolitical uncertainties, independence from primary raw material sources is becoming increasingly important.

Cooperation with Gühring

In order to make the circular economy as efficient as possible, KF and Gühring have launched a new take-back programme called "Tool Circle". The Gühring Tool Circle consists of four components. The first component of the cycle is the purchase of new tools. In the second component, worn out tools are reground at Gühring with the original grinding in one of its numerous service centres. In the third component, Gühring buys back the carbide scrap at the end of the product life cycle and recycles the valuable material at KF. The fourth component concerns tool management, which supports logistical processes and will play a key role in the product life cycle in the future. This means that the customer gets everything from a single source.

The short distances the material travels, thanks to direct customer contact, are particularly sustainable here.



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The recycling process at a glance

The process begins with the targeted collection, sorting and, if necessary, cleaning of carbide. In the first step, the carbide scrap is embrittled in a thermal process with the aid of zinc. The zinc penetrates the carbide and breaks down the dense structure of the material. The zinc, which acts merely as an auxiliary material, is then almost completely removed from the carbide and recovered by distillation. In this way, zinc can be reused indefinitely in the process.

The embrittled carbide body is now so fragile that it can be ground into powder using a ball mill. The quality of the powder is ensured by sieving and homogenisation. The powder obtained from this process can be reused directly as a raw material in carbide production.

By-products such as oversized particles are returned to the recycling process, which means that, in theory, 100% of the carbide can be recycled.

Quality and objectives

The regenerated powder obtained through this process meets high quality standards and is comparable to the commercially available "Grade F Premium (GC100F)" variety. This means it can be fully integrated into existing manufacturing processes and used for the production of high-quality tools.

The aim is to achieve an annual recovery of around 350 tonnes of carbide scrap directly at the Thurnau site by commissioning the second plant.

Ecological benefits

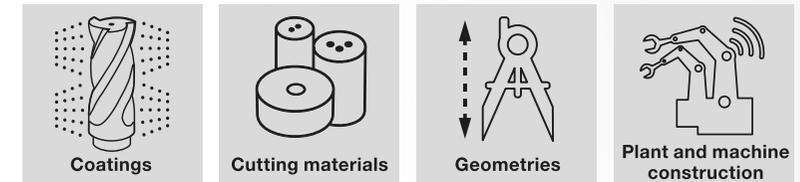
The establishment of this recycling process not only secures the supply of raw materials in the long term, but also significantly reduces the company's carbon footprint. Reusing our own production residues saves resources, reduces waste and lowers our dependence on international raw material suppliers. Of particular note is the reduction in energy and emissions by around 80 % compared to the extraction of

conventional raw materials from primary sources – a significant step forward in climate-friendly manufacturing.

Zinc recycling thus makes an important contribution to KF's strategic sustainability orientation and proves that technical innovation and environmental protection can go hand in hand.

2.2 Product quality and customer satisfaction

In its efforts to achieve the highest product quality, the "zero-defect" strategy is the ultimate goal. KF achieves this product quality in particular through its high depth of production, which is unique in the industry and is largely responsible for the company's success. All the necessary expertise is bundled under one roof at KF.



KF's certified quality management system ensures safe processes and error-free products and services. At the same time, the labelling and traceability of products and the associated documentation are specified. KF prevents product risks by drawing on experience, carrying out incoming material inspections, utility value analyses, drilling tests, commercial and technical feasibility studies, and only using approved suppliers, the latest technical documentation, qualified personnel and constantly calibrated measuring instruments.

In order to guarantee customers the legally required product and service information as well as appropriate labelling, KF has described the exact procedure for handling information and labelling in one of its process flows and adheres to these specifications for all products. This ensures that all regulations and laws are complied with. KF thus not only counteracts violations in this context, but also ensures the

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safe use of its products.

No violations relating to product information or labelling were identified during the reporting period. Similarly, no violations relating to marketing and communication became known during the reporting year.

GRI 416-1, GRI 417-1, GRI 417-2, GRI 417-3

In the minds of customers, the term "quality" is the most important factor for customer satisfaction. Since the company was founded, high quality standards have therefore been set for its products. By consistently pursuing this goal, KF has succeeded in achieving a leading market position in the field of carbide production. The company is therefore committed to a quality management system that can meet the high standards of its products. The quality management system is therefore a constantly evolving system in which employees and management achieve continuous improvements. KF's systems are certified according to ISO 9001 and ISO 50001.

The company also meets the requirements of customers in the automotive and aviation industries, among others. Here, too, customers provide highly favourable ratings and feedback.

An internal error rate is determined from all manufactured products based on quality testing specifications. Should customers ever have cause for complaint, KF records all customer problems in detail, analyses the root cause and initiates efficient continuous improvement measures using the 8D method.

Customer satisfaction index

The customer satisfaction index, which is calculated annually, provides relevant information about customer-specific key figures. This index includes, for example, customer evaluations of suppliers, the complaint rate, training for external customers, delivery reliability and the offer success rate. The percentage improvements in recent years demonstrate the company's positive alignment with customer satisfaction and the market. This customer satisfaction is also repeatedly

reflected in awards and other recognition from customers.

2.3 Responsibility in the supply chain

KF is committed to respecting human rights and protecting the environment. It is the declared goal of the company's management to respect, protect and promote human rights and the environment along the entire value creation chain.

The principles of the human rights and environmental strategy apply throughout KF's entire business area and must be observed by the director and employees in the performance of their duties. KF expects all business partners to comply with human rights and environmental obligations. Respect for and observance of human rights and environmental obligations is a basic prerequisite for cooperation with KF.

Taking social and environmental aspects into account in the supply chain is not only in line with national and international laws, but also a central objective enshrined in KF's sustainability policy. All strategic suppliers are required to acknowledge these guidelines and confirm their acceptance to us.

Supplier management

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

Effective risk management, clear responsibilities and the appointment of a human rights committee form the cornerstones of the strategy. KF conducts comprehensive risk analyses with regard to compliance with human rights and environmental obligations within its own business area and among its direct suppliers. Preventive measures are syste-

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matically defined and implemented, while the human rights strategy provides clear guidelines.

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

The sustainability guidelines for suppliers, the policy statement on human rights strategy and the general terms and conditions of purchase set out clear requirements for cooperation. International human rights, the rejection of forced labour and child labour, the prevention of corruption and the sustainable treatment of the environment and employees are fundamental principles. KF encourages suppliers to disseminate these guidelines throughout their supply chain and to actively promote compliance with them.

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

Supplier audits are conducted regularly to verify compliance with the criteria and requirements of the LkSG. In addition, a software solution for ongoing risk assessment has been introduced to support central purchasing in complying with the aforementioned issues. Furthermore, a complaint management system has been set up, which is available on our homepage, to report violations anonymously or personally.

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

In addition to the assessment of suppliers, various criteria are also reviewed for each purchase or procurement of capital goods. For example, when procuring plant, machines and equipment, data on

criteria such as energy and water consumption, emissions and recycling options is obtained. When procuring construction services, attention is paid to environmentally friendly construction practices. When purchasing new vehicles, information on consumption and emissions is also obtained.

In addition to evaluating suppliers on environmental criteria, KF also tries to support local suppliers wherever possible. In the reporting period, 45.7 % of the total procurement budget was covered by local suppliers. As KF has operating sites in Germany, suppliers from Germany are considered local suppliers.

No serious negative environmental or social impacts in the supply chain became known during the reporting period.

Year	2022	2023	2024
Percentage of expenditure on local suppliers %	34.4 %	45.6 %	45.7 %

KF also attaches great importance to compliance with human rights and awareness of these issues in relation to service providers. For example, all security personnel assigned to KF's operating sites are trained by the respective external company on human rights policy and procedures. The training of security personnel is intended to help ensure appropriate behaviour towards third parties in various situations, particularly with regard to the application of force. In addition, all external companies are obliged to apply the occupational health, safety and environmental protection guidelines for external companies and to train their own employees in the contents.

GRI 204-1, GRI 410-1

Reach

The handling of chemicals at KF is regulated in accordance with the REACH Regulation. This regulation governs the introduction, manufacture and application of all chemicals at European level and serves

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to protect human health and the environment.

Conflict minerals

The issue of conflict minerals in the supply chain is one that the company has been addressing for a long time. In supply chains, especially in the metal industry, this is a significant social risk. At KF, the purchase of tungsten as a conflict mineral is affected. The mining of this mineral can lead to risks such as human rights violations, corruption and money laundering, or contribute to the financing of armed forces. To ensure that these risks do not occur, KF only sources its raw materials from suppliers approved by the RMI (Responsible Minerals Initiative), who guarantee mining without these risks. To this end, written confirmation has been obtained from suppliers stating that all raw materials are free of conflict minerals, comply with OECD guidelines and meet 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 used in the manufacture of KF products. The largest proportion of the tungsten and cobalt powder or granule is used in the manufacture of carbide for the production of tools. In order to take both economic and ecological aspects into account, KF relies largely on recycled raw materials. At the same time, attention is also paid to the materials used in packaging.

Repurchase of carbide

When refurbishing used carbide, it is converted into reusable powder through various processes. Used end products are thus made usable again as raw materials and recycled. Agreements have been made with customers to achieve a 100% recycling rate.

GRI 301-2, GRI 301-3

2.4 Information security and data protection

Information and data are extremely valuable. In order to protect this value adequately, information security and data protection are becoming increasingly important at KF. While information security covers the protection of all information assets (data on employees, customers, know-how, etc. in digital and analogue form), data protection focuses on the protection of personal data and thus overlaps with the area of information security. In addition, IT security, which involves protecting the IT infrastructure, is a key focus in order to ensure the security of all data through technical and organisational measures. Due to the interdependence of these topics, they are managed in a coordinated management system in order to exploit synergy effects.

Various information is exchanged as part of KF's cooperation with customers and suppliers. An information security management system is used to ensure that this information is protected. The Chief Information Security Officer (CISO) is responsible for coordinating and implementing the information security management system. The CISO has a direct reporting line to the Executive Board and prepares an annual report on the activities carried out in the past financial year. In this way, KF ensures that the essential protection goals are met: availability, integrity and confidentiality. Supplementary IT risk analyses enable adequate protection through proactive measures of both a technical and organisational nature. The corporate guideline for information security anchors internal principles and structures. The guideline for information security is continuously reviewed and updated as necessary.

Technical and organisational measures alone are no longer sufficient to guarantee information security. Employees in particular are of vital importance as the last line of defence and therefore require special attention. For this reason, KF regularly conducts phishing campaigns

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and security training for all employees.

Alongside information security, data protection is another key issue that KF addresses. With increasing digitalisation worldwide, but also within our own company, the right to informational self-determination of each individual is becoming an increasingly important focus. This applies to employees as well as customers and suppliers. Technical and organisational measures have been taken to adequately protect personal data and to comply with legal requirements, which have been renewed and, in some cases, significantly changed with the General Data Protection Regulation. The internal data protection guideline defines the processes, responsibilities and structures of the data protection management system. It also provides information on the rights of data subjects, including the right to access and delete stored data. This guideline is reviewed on an ongoing basis and updated as necessary. The data protection guideline represents the minimum standard. The implementation of the data protection management system is coordinated by the central Group Data Protection Officer.

In addition to maintaining the processes, the Group Data Protection Officer ensures the further development of data protection with all associated measures and provides advice to organisational units and specialist departments. The Data Protection Officer reports directly to the management. Employees are contractually obliged to comply with data protection and the confidential handling of personal data and information. KF also offers its employees web-based e-learning training on data protection. Participation in the training is mandatory. Personal data is not passed on to third parties as a matter of principle. If personal data is transmitted, this is done exclusively on the basis of a corresponding legal foundation. KF's privacy policy provides transparent information on this.

In the reporting year, there were no enquiries or complaints from customers or competent supervisory authorities regarding violations of data protection. There were no data leaks, cases of data theft or data loss. All employees are required to report any violations or

anomalies to the designated departments. Future incidents will be analysed and processed in accordance with defined processes, and the requesting department will be informed of events and any measures taken.

GRI 418-1

An aerial photograph of a wind farm at sunset. The foreground shows a close-up of a white wind turbine's nacelle and hub. In the background, several other wind turbines are scattered across a landscape of green fields and a large, dark brown plowed field. The sun is low on the horizon, creating a warm, golden glow and long shadows. The sky is filled with soft, white and grey clouds.

Environment

3.1 Environmental management

3.2 Use of resources

3.3 Waste management and recycling

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

3.1 Environmental management

KF has established an environmental management system based on ISO 14001.

Compliance with the specifications is regularly checked through audits and inspections by the internal environmental management team. Any deviations are logged and recorded in an audit report, and corrective measures are initiated immediately. All employees and managers are familiar with the environmental protection policy through training courses and information notices.

Employees have the opportunity to pursue personal development in various fields via the internal learning management system (training portal). This training portfolio includes, among other things, a training course on sustainability, which also covers aspects of environmental management. Separate training in environmental management is also offered individually as required. KF attaches particular importance to communicating the practical relevance of environmental management (according to ISO 14001) in a targeted manner in operation practice. The aim is to promote a comprehensive understanding of this management system and the key success factors for its implementation.

No violations of environmental protection laws or regulations became known during the reporting period.

GRI 307-1

3.2 Use of resources

The responsible use of resources is a high priority for KF, as many of these resources are limited. The sustainable use of natural resources in particular poses a special challenge. The company is fully aware of this responsibility and therefore attaches particular importance to effective energy management and measures to reduce greenhouse gas emissions.

Energy management

"Reducing energy consumption, increasing energy efficiency"

KF strives to achieve this goal company-wide and across all certified business areas. Whether in the workplace, in the procurement of goods, in its own services, in the distribution of products or in the design of plants. This is why the company is striving to ensure a long-term reduction in energy consumption and thus guarantee an improvement in energy-related performance. The company primarily pursues this objective in production through production planning, maintenance and servicing, the procurement of materials, products, services and energy, as well as in the design of facilities and internal transport. It also pursues this objective through the personal behaviour of all employees.

The applicable laws, regulations, official requirements and other requirements must always be complied with. When it comes to technical solutions for increasing energy efficiency, KF always bases its approach on the latest state of the art.

An energy management system in accordance with DIN EN ISO 50001 has been established to implement these principles. The necessary information and appropriate medium are provided to achieve the energy targets. This is continuously monitored, evaluated and improved as necessary. Furthermore, regular checks are carried out to ensure that the necessary financial and structural conditions and resources are in place to achieve the specified targets.

In summary, this means that KF meets the sustainability requirements of its customers and its own targets, reduces energy costs and also reduces CO₂ emissions. The company therefore focuses particularly on targets and measures for improving energy efficiency in this area.

These measures include, for example, regular checks for leaks in the compressed air systems in all plants and the use of waste heat. In addition, technologists are constantly working on optimising processes, such as shortening the sintering cycle or saving compressed air on extrusion presses. Among other things, KF is focusing on the

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conversion of energy-efficient equipment, systems and machines and optimising building technology. For example, a central cooling system was installed inside the powder processing area at the Kulmbach site.

In order to further embed the topic of energy saving within the company, training courses on this topic are offered to employees on an ongoing basis and are being expanded. To train employees more efficiently, a training video is available on the internal e-learning portal.

It is important to KF to convey that every employee can contribute to energy saving and increasing energy efficiency. To achieve this, knowledge about energy saving must be passed on and incentives created to motivate employees. To this end, the energy team has designed a comprehensive package of communication measures to continuously draw attention to this important topic and also to impart knowledge. In addition to flyers, mailings, brochures and newsletters, this topic is already included in the induction plan for new employees. Target group-oriented communication ensures that all employees are reached.

Energy consumption in kWh ¹	2022	2023	2024
Electricity	8,646,545	8,253,913	8,644,524
Natural gas	693,122	1,024,084	949,844
Total	9,339,667	9,277,997	9,594,368

¹Energy consumption figures have been adjusted based on new recording methods.

GRI 302 – 1, GRI 302-4

Emissions – CO₂ – Balance

In the 2022 financial year, KF systematically recorded its CO₂ emissions for the first time. The aim is to continuously record all emissions in the future and reduce them in a targeted manner. In doing so, the company is guided by the climate targets of the European Commission and the United Nations, which stipulate that Europe should become the first

CO₂-neutral continent by 2050 and that global heating should not exceed the 2°C limit by 2030.

When recording and accounting for greenhouse gases, a precise distinction is made between direct and indirect emissions, which are assigned to the three "scopes" in accordance with the Greenhouse Gas Protocol (GHGP). A significant change in 2023 is the first-time recording of Scope 3 emissions in the field of transport and distribution. This includes both the downstream transport of sold products and business-related travel. For 2024, data for the field of waste was also recorded in Scope 3.

The expansion of the carbon footprint to include additional emission sources underscores the commitment to a holistic and transparent climate balance. In addition, the continuous development of Scope 3 recording is being driven forward in order to include further relevant fields in the calculation.

This ongoing improvement process illustrates the endeavour to continuously expand the sustainability strategy and make an active contribution to reducing global emissions.

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

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Carbon footprint**1

Scope 1: Direct greenhouse gas emissions

CO₂ emissions in kg

Year	2022	2023	2024
Natural gas	139,318	205,841	173,347
Diesel	–	66,793	62,213
Total emissions Scope 1	139,318	272,634	235,560

Scope 2: Indirect greenhouse gas emissions

CO₂ emissions in kg

Year	2022	2023	2024
Electricity	3,164,635	3,020,932	2,844,048
Total emissions Scope 2	3,164,635	3,020,932	2,844,048

Scope 3: Indirect greenhouse gas emissions

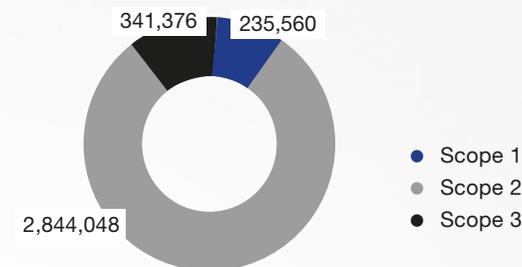
CO₂ emissions in kg

Year	2022	2023	2024
Downstream transport of goods sold	–	271,130	319,062
Business travel	–	11,317	20,699 *2
Waste generated by operations – Solid waste	–	–	1,615
Total emissions Scope 3	–	282,447	341,376
Total emissions in kg CO₂ Scope 1, 2 & 3	3,303,953	3,576,013	3,420,984

*1 The figures have been adjusted due to new recording methods

*2 The increase in business travel emissions is attributable to the organisation and preparation of zinc recycling

CO₂ emissions 2024 (in kg):



Emissions in the logistics sector

At KF, the goals of reducing emissions and minimising costs in logistics are in harmony. The economic and ecological goals in the field of transport/logistics do not conflict with each other, but can be achieved together from KF's point of view. Slower shipments cause fewer emissions and are cheaper. A few large shipments are cheaper than several small ones and also cause less CO₂.

The majority of standard parcels sent by KF are CO₂-neutral. For example, the shipping service provider is increasingly relying on electric vehicle drives, sustainable buildings and a switch to 100% green electricity. Unavoidable CO₂ emissions are offset. Compensation is achieved through efficient afforestation with fast-growing trees. By choosing this service provider, we also ensure that we save emissions in downstream processes and protect the environment. At the same time, standard parcels are cheaper than express parcels.

In addition to all these measures, we still keep one thing in mind: the ordered products arrive at the customer's premises on the agreed date.

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Water and wastewater

Water is a necessary resource both at KF locations and in the manufacture of products. KF therefore strives to keep water consumption to a minimum wherever possible.

Water consumption in m ³	2022	2023	2024
Fresh water	9,741	16,309	8,653
Waste water	9,741	12,828	6,161

GRI 303-3, GRI 303-4, GRI 303-5

3.3 Waste management and recycling

Waste and recycling are two related topics at KF. Waste management ensures that all waste is disposed of properly in accordance with legal requirements. However, in order to keep waste volumes as low as possible – both internally and at customer sites – the company has long been committed to recycling.

Waste

Only qualified partners are used for waste disposal. At all of the locations mentioned, this corresponds to certified waste disposal companies. The waste management officer is responsible for checking that waste is disposed of properly. This ensures that changes in legislation are recognised and implemented in accordance with the law. Internal procedures require that waste be avoided in the first instance and recycled in the second instance. The aim is to minimise environmental impact as far as possible.

KF is guided by the following principles:



Waste that is not generated does not have to be disposed of at great expense. Continuous improvements in processes and production technology are used to prevent waste from being generated. Where state-of-the-art waste-free processes are not available in the production process, efforts are made to reduce the amount of waste.

In the case of waste that cannot be avoided and has already been reduced to the technically and cost-effectively feasible minimum amount, care is taken to ensure that it is recycled/disposed of in a legally compliant and environmentally friendly manner. Waste is collected separately in accordance with municipal regulations, in containers marked with different colours and labels. Every employee is responsible for the correct disposal and separate collection of the individual waste fractions (waste types). The department/division managers have a supervisory role to ensure that sufficient collection containers are available so that the separate and proper collection of waste in their areas of responsibility is guaranteed. This is checked in SOS audits and, if necessary, retraining is provided.

Waste balance of Konrad Friedrichs GmbH

The annual report of the waste management officer includes non-hazardous waste, hazardous waste, as well as ongoing projects and new construction plans related to waste management in order to identify trends and developments and to be able to initiate measures if necessary.

Waste generation and disposal (in tonnes)	2022	2023	2024
hazardous	251	233	183
dangerous projects/New construction	0	0	0
not dangerous	35	72	81
not dangerous projects/new construction	0	0	0.12
Total	286	295	265

GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4 GRI 306-5

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We fulfil our legal obligation to take back transport and sales packaging through a service provider. This service is designed to close the loop. Packaging that would otherwise end up in normal waste is collected from customers on request. This ensures that the packaging is recycled and returned to the cycle.

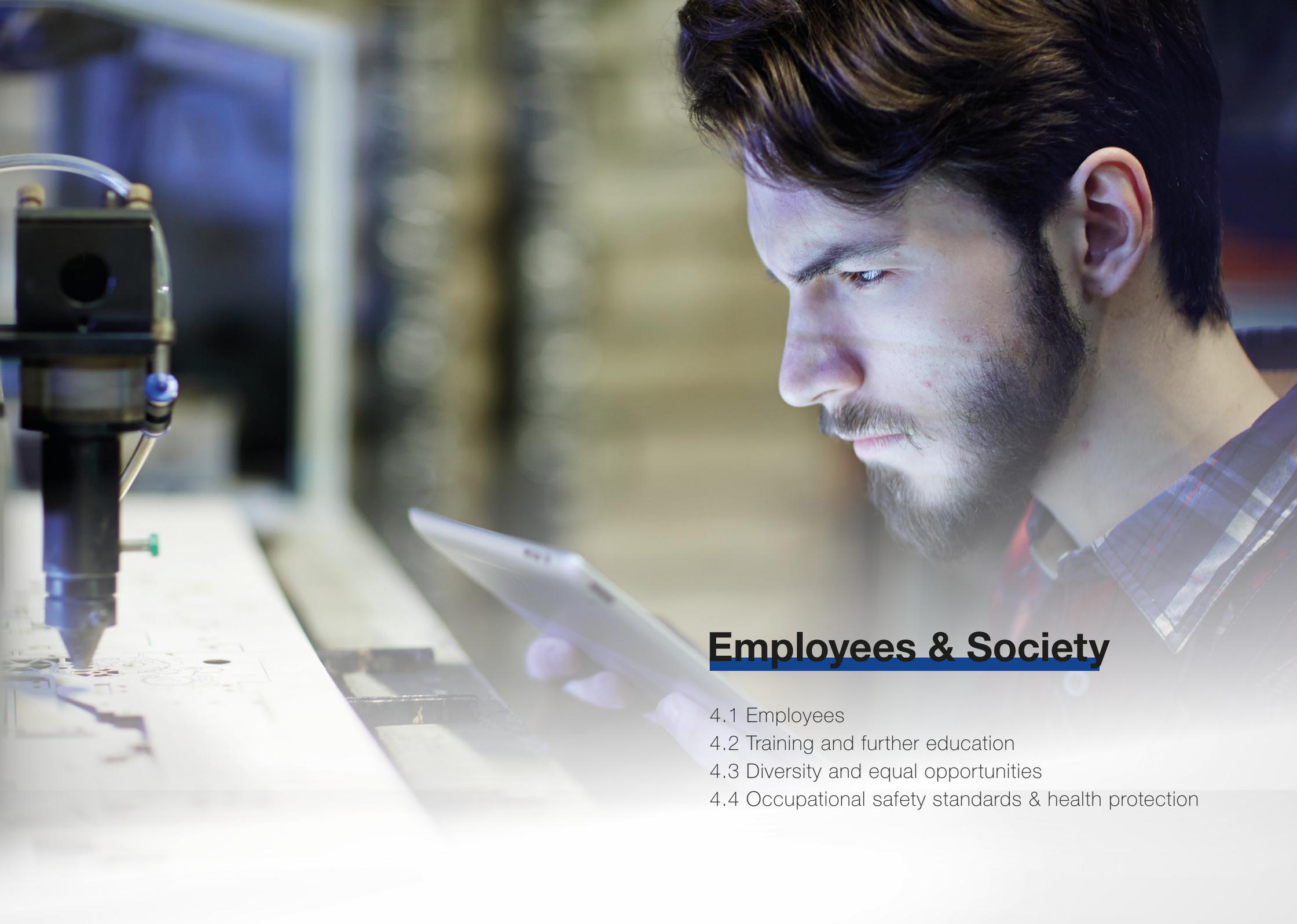
In the "dual system" field, for example, this company contributes to the costs of collecting yellow bags or bins for sales packaging from customers who dispose of their waste via these systems.

Recycling of carbide waste

KF contributes to the circular economy by recycling its own secondary raw materials, such as carbide scrap and carbide grinding sludge.

When recycling carbide, the waste products are processed by its service providers in addition to its own recycling so that they can be returned to the material cycle. As KF is a consumer of carbide, this provides an opportunity to save resources.

GRI 306-2



Employees & Society

- 4.1 Employees
- 4.2 Training and further education
- 4.3 Diversity and equal opportunities
- 4.4 Occupational safety standards & health protection

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Employees & Society

- 4.1 Employees
- 4.2 Training and further education
- 4.3 Diversity and equal opportunities
- 4.4 Occupational safety standards & health protection

KF sees itself as having a responsibility towards its employees and society. This social obligation is reflected both in the fair and appreciative treatment of its employees and in its role as a regional employer. Regional responsibility means not only attracting quality specialists from the surrounding area, retaining them in the long term and promoting them in a targeted manner, but also actively contributing to the further development of the region. In order to create an attractive working environment, the company offers its employees individual development opportunities and performance-enhancing conditions. In doing so, the corporate strategy combines economic efficiency with social responsibility and pursues the vision of combining sustainable growth with a positive social impact.

4.1 Employees

Qualified employees are a company's central resource. KF currently employs 175 employees and attaches great importance to a nurturing and supportive working environment. The focus is on individual development prospects, a healthy workplace, and a good work-life balance – essential aspects that shape a sustainable and appreciative corporate culture.

Overview of employee structure:

	2023	2024
 Female:	30	22
Temporary:	5	1
Permanent:	25	21
 Male:	187	153
Temporary:	35	14
Permanent:	152	139
Total employees	217	175

In order to analyse employee satisfaction as accurately as possible, Gühring adjusts its employee satisfaction index (MI) annually. Various criteria are included in the evaluation and compared with the results of previous years. The factors taken into account include company service, sickness rates, investments in occupational safety, and the number of exempt works council members.

The continuous improvement in MI in recent years highlights the company's positive development in terms of the needs and well-being of its employees.

GRI 2-7, GRI 401-1

Remuneration policies

At KF, the level of remuneration is based on the applicable collective agreement or individual contractual agreements. New hires and transferees are informed of their respective remuneration and receive information about any changes to their salary.

The granting of a non-statutory allowance is voluntary and can be revoked at any time, converted into a performance allowance or partially or fully credited in the event of a tariff or pay scale group increase. All bonuses are paid in accordance with the applicable bargaining provisions and works agreements.

Percentage of employees covered by collective agreements:

	2024
Employees covered by collective agreements	96 %
Non-collective agreement employees	4 %

GRI 2-19, GRI 2-20

Remuneration is based on the collective agreement, which is above the minimum wage.

GRI 202-1

If operational changes that could be significant for employees are pending, the statutory and collective agreement deadlines apply.

GRI 402-1

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Parental leave

At KF, both female and male employees have the opportunity to apply for parental leave. The company ensures that the provisions of the Federal Parental Allowance and Parental Leave Act are applied.

GRI 401-3

4.2 Training and further education

At KF, great importance is attached to good training and further education. KF therefore offers three different technical training opportunities.

In 2024, KF employed a total of 4 trainees.

Number of trainees in January	2023	2024
Technical (3 apprenticeships)	6	4

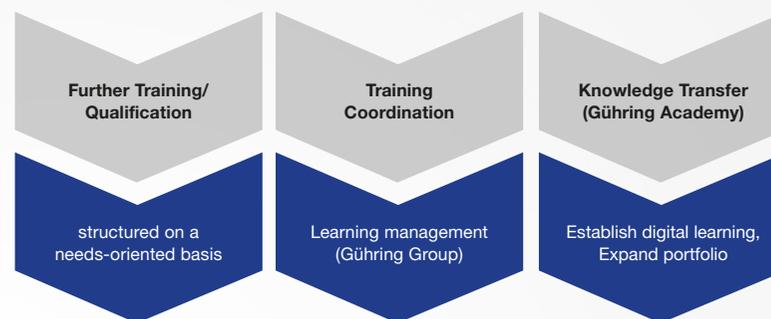
The regional connection is particularly important when it comes to attracting new trainees. KF therefore participates in all major trade fairs of size. The company also visits schools directly and presents the training opportunities available during a lesson.

Employee development

Not only training, but also employee development is essential at KF. The topics of further education/qualification and training coordination via the Learning Management System (LMS) are part of personnel development at KF. KF pursues the following goals in personnel development:

- Maintaining and further training the qualifications of employees
- Securing the pool of specialists and managers and identifying and preparing potential candidates for key positions
- Secure and increase employee motivation/satisfaction to retain them for the company
- Improve efficiency and cost-effectiveness within the company

In doing so, we rely on the building blocks of personnel development:



In order to improve the skills of its employees, KF offers internal training courses via its LMS, which are mainly delivered by internal trainers. The LMS is available to all employees with SAP access. For example, it is used to host onboarding events, product training courses, compulsory training courses and presentations of individual departments.

In addition, KF naturally also offers its employees the opportunity to pursue external training. The company is happy to provide advice on advanced training or language courses in order to support its employees individually and precisely in their qualification efforts. By bundling orders, internal training courses with external speakers are also planned on a regular basis. These include management training and sales training courses. A total of 976 external training hours took place during the reporting period.

In order to provide employees with feedback on their performance and professional development, appraisal and/or annual reviews are held for all employees throughout the year.

GRI 404-2, GRI 404-3

04

Employees & Society

- 4.1 Employees
- 4.2 Training and further education
- 4.3 Diversity and equal opportunities
- 4.4 Occupational safety standards & health protection

4.3 Diversity and equal opportunities

Diversity enriches a company and contributes to successful cooperation. KF promotes a working environment that is open to all people – regardless of cultural or ethnic background, origin, religion, ideology, disability, sexual orientation, gender identity or age. This diversity is reflected in our daily work and contributes to a dynamic and innovative corporate culture.

Regardless of individual differences, every person is entitled to fair and equal treatment, free from discrimination and harassment. A corporate culture characterised by fairness, mutual respect and trust forms the basis for successful cooperation – both today and in the future. Every employee is responsible for promoting a climate of partnership in which there is no place for discrimination. This requires openness, tolerance and integrity in our dealings with one another.

At KF, the General Equal Treatment Act (AGG) has particular application, protecting all employees from discrimination in the workplace. The prohibition of discrimination applies not only to the employer, but also to interactions between colleagues.

Any form of discrimination or harassment related to a discriminatory characteristic or sexual harassment is prohibited. Harassment includes any unwanted behaviour related to a discriminatory characteristic, as well as sexually explicit behaviour that aims to or results in violating the dignity of the person concerned and creating a hostile working environment.

The respective supervisor, the human resources department, the compliance officer or the works council are available as contact persons for complaints within the company. Complaints can also be submitted anonymously online via the complaint management system.

Subdivision of KF employees into age groups and vulnerability:

Age structure	Total number of employees	Number of vulnerable employees
U30 male	32	0
U30 female	4	0
30-50 male	67	1
30-50 female	12	0
50+ male	54	6
50+ female	6	0

GRI 405-1

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

GRI 406-1

4.4 Occupational safety standards and health protection

Work safety standards and health protection are a high priority at KF. Work safety standards are the responsibility of the relevant work safety specialist, while health protection is the responsibility of the Human Resources department. Safe workplaces and the promotion of health are therefore an integral part of KF.

Compliance with legal requirements and standards on occupational safety ensures safe work processes. Occupational safety standards are continuously improved at both locations as part of annual occupational safety inspections. Risk assessments are used to identify all relevant hazards to which employees may be exposed. Appropriate measures are taken and implemented to identify these hazards at an early stage and to prevent accidents and impairments.

04

Employees & Society

4.1 Employees

4.2 Training and further education

4.3 Diversity and equal opportunities

4.4 Occupational safety standards & health protection

The safety officers are responsible for this in cooperation with the medical service and management.

At KF, protective measures are generally taken in accordance with the STOP principle:

S = substitution

T = technical measures

O = organisational measures

P = personal measures

During the procurement process, checks are carried out to determine whether hazardous substances can be replaced by less critical substances. If this is not possible, technical protective measures to prevent hazards are examined and implemented where possible. The complete elimination of any remaining hazards through organisational measures and personal measures are the final two steps in providing employees with a healthy and safe working environment. All employees take part in the annual occupational safety training sessions. The person responsible is the manager, keeping a training log for the measure and checking its effectiveness. Quarterly workplace safety committee meetings are also held, which are mandatory for companies with more than 20 employees in accordance with Section 11 of the Occupational Safety Act (ASiG). These meetings are used to discuss and debate a wide range of workplace safety and accident prevention issues. The avoidance of hazards and risks is also reviewed in the annual internal audits.

	2022	2023	2024
Fatalities	0	0	0
Injuries with serious consequences	0	0	0
Work-related injuries	17	13	6

Hazardous situations

An extended alarm system has been rolled out in case a hazardous situation or emergency occurs within a facility. All plants have a comprehensive management system with a central emergency plan based on standardised organisational structures for every type of emergency.

KF thus ensures that there is a rapid and systematic response in emergencies. Disciplined and coordinated organisation in the event of an unusual incident means that there is no hectic or chaotic situation in the event of an alarm, thus ensuring the greatest possible safety for all employees.

Medical service:

Prevention is a central issue in occupational health and safety. Establishing a solid culture of prevention enables people to think and act preventively and helps to ensure that safety and health are taken for granted in the operation and incorporated into everyday activities. This leads to increased motivation and satisfaction, fewer accidents at work and better quality of work. KF therefore works with a competent contact who advises the company on all matters relating to workplace safety and health care. In addition to providing advice on all matters relating to workplace safety and health care, the medical service supports accident prevention, the planning of workplace safety measures, the design of workplaces, the working environment, work processes and work organisation. The medical service also provides support in organising first aid in the operation, selecting and testing personal protective equipment, and carrying out preventive medical check-ups

04

Employees & Society

- 4.1 Employees
- 4.2 Training and further education
- 4.3 Diversity and equal opportunities
- 4.4 Occupational safety standards & health protection

and vaccinations. KF attaches particular importance to consultations on the interactions between individual employees' work and their health.

GRI 403

During the reporting period, no violations of laws and regulations in the social and economic sphere became known.

GRI 419

General standard information

Organisational profile

2-1	Organisational profile Chapter 1.1 Company profile	2-18	Evaluation of the performance by the highest governance body N/A
2-2	Entities included in the organisation’s sustainability report Chapter 1.1 Company profile	2-19	Remuneration policy Chapter 4.1 Employees
2-3	Reporting period, reporting frequency and point of contact About this report	2-20	Process for determining remuneration Chapter 4.1 Employees
2-4	Correction or restatement of information About this report	2-21	Annual total compensation ratio N/A
2-5	External assurance About this report	2-22	Statement on sustainable development strategy Message from the Executive Board
2-6	Activities, value chain and other business relationships Chapter 1.1 Company profile	2-23	Policy commitments Chapter 1.3 Corporate governance and compliance
2-7	Salaried employees Chapter 4.1 Employees	2-24	Embedding policy commitments Chapter 1.5 Materiality process and stakeholder management
2-8	Non-salaried employees N/A	2-25	Processes to remediate negative impact Chapter 1.3 Corporate governance and compliance
2-9	Management structure and composition Chapter 1.1 Company profile	2-26	Mechanisms for seeking advice and raising concerns Chapter 1.3 Corporate governance and compliance
2-10	Nomination and selection of the highest governance body Chapter 1.4 Sustainability management	2-27	Compliance with laws and regulations Chapter 1.3 Corporate governance and compliance
2-11	Chair of the highest governance body N/A	2-28	Membership of associations Chapter 1.5 Materiality process and stakeholder management
2-12	Role of the highest governance body in overseeing the management of impacts N/A	2-29	Approach to stakeholder engagement Chapter 1.5 Materiality process and stakeholder management
2-13	Delegation of responsibility for impact management Chapter 1.6 Opportunities and risk management	2-30	Collective bargaining agreements Chapter 4.1 Employees
2-14	Role of the highest governance body in sustainability reporting Chapter 1.4 Sustainability management	3-1	Process for defining key topics Chapter 1.5 Materiality process and stakeholder management
2-15	Conflicts of interest N/A	3-2	List of material topics Chapter 1.5 Materiality process and stakeholder management
2-16	Communication of critical concerns Chapter 1.3 Corporate governance and compliance	3-3	Management of key topics Chapter 1.5 Materiality process and stakeholder management
2-17	Knowledge accumulated by the highest governance body Chapter 1.4 Sustainability management		

Economic performance indicators

Economic performance

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

Market presence

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

Indirect economic impacts

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

Procurement practices

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

Anti-corruption

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

Anti-competitive behaviour

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

Taxes

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

Environmental performance indicators

Materials

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

Energy

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

302-4 **Reduction of energy consumption**
Chapter 3.2 Use of resources

Water

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

303-3-5 **Water consumption**
Chapter 3.2 Use of resources

Biodiversity

304/103 **Management approach disclosures**

304-1 **Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**
During the planning and execution of construction projects, measures that may result from the respective requirements and classifications of protected areas for the particular project are closely coordinated with the relevant environmental and regulatory authorities during the construction permit process.

304-2 **Significant impacts of activities, products and services on biodiversity**
See previous comment

304-3 **Habitats protected or restored**
See previous comment

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

Emissions

305/103 **Management approach disclosures**
Chapter 3.2 Use of resources

305-1 **Direct (Scope 1) GHG emissions**
Chapter 3.2 Use of resources

305-2 **Energy indirect (Scope 2) GHG emissions**
Chapter 3.2 Use of resources

Waste

306/103 **Management approach disclosures**
Chapter 3.3 Waste management and recycling

306-1 **Waste generation and significant waste-related impacts**
Chapter 3.3 Waste management and recycling

306-2 **Management of significant waste-related impacts**
Chapter 3.3 Waste management and recycling

306-3 **Waste generated**
Chapter 3.3 Waste management and recycling

306-4 **Waste diverted from disposal**
Chapter 3.3 Waste management and recycling

306-5 **Waste directed to disposal**
Chapter 3.3 Waste management and recycling

Environmental compliance

307/103 **Management approach disclosures**
Chapter 3.1 Environmental management

307-1 **Non-compliance with environmental laws and regulations**
Chapter 3.1 Environmental management

Supplier environmental assessment

308/103 **Management approach disclosures**
Chapter 2.3 Supply chain responsibility

308-1 **New suppliers that were screened using environmental criteria**
Chapter 2.3 Supply chain responsibility

308-2 **Negative environmental impacts in the supply chain and actions taken**
Chapter 2.3 Supply chain responsibility

Social performance indicators

Employment

401/103 **Management approach disclosures**
Chapter 4.1 Employees

401-1 **New employee hires and employee turnover**
Chapter 4.1 Employees

401-2 **Benefits provided to full-time employees that are not provided to temporary or part-time employees**
Chapter 4.1 Employees
There is no distinction between part-time and full-time employees.

401-3 **Parental leave**
Chapter 4.1 Employees

Labour/management relations

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

Occupational safety and health protection

- 403/103 **Management approach disclosures**
Chapter 4.4 Occupational safety standards and health protection
- 403-1 **Management system for occupational safety and health protection**
Chapter 4.4 Occupational safety standards and health protection
- 403-2 **Hazard identification, risk assessment, and incident investigation**
Chapter 4.4 Occupational safety standards and health protection
- 403-3 **Occupational health services**
Chapter 4.4 Occupational safety standards and health protection
- 403-4 **Worker participation, consultation, and communication on occupational safety and health protection**
Chapter 4.4 Occupational safety standards and health protection
- 403-5 **Worker training on occupational safety and health protection**
Chapter 4.4 Occupational safety standards and health protection
- 403-6 **Promotion of worker health**
Chapter 4.4 Occupational safety standards and health protection
Voluntary services are not offered to non-salaried employees.
- 403-7 **Prevention and mitigation of the occupational safety and health protection impacts directly linked by business relationships**
Chapter 4.4 Occupational safety standards and health protection
- 403-8 **Workers covered by an occupational health and safety management system**
Chapter 4.4 Occupational safety standards and health protection
- 403-9 **Work-related injuries**
Chapter 4.4 Occupational safety standards and health protection
- 403-10 **Work-related ill health**
Chapter 4.4 Occupational safety standards and health protection

Training and education

- 404/103 **Management approach disclosures**
Chapter 4.2 Training and education
- 404-1 **Average hours of training per year per employee**
Chapter 4.2 Training and education

- 404-2 **Programs for upgrading employee skills and transition assistance programs**
Chapter 4.2 Training and education
- 404-3 **Percentage of employees receiving regular performance and career development reviews**
Chapter 4.2 Training and education

Diversity and equal opportunity

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

Non-discrimination

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

Freedom of association and collective bargaining

- 407/103 **Management approach disclosures**
Chapter 1.2 Corporate policy
- 407-1 **Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk**
There was no violation of the right to freedom of association and collective bargaining during the reporting period.

Child labour

- 408/103 **Management approach disclosures**
Chapter 1.2 Corporate policy
- 408-1 **Operations and suppliers at significant risk of incidents of child labour**
There were no incidents of child labour or forced or compulsory labour during the reporting period.

Forced or compulsory labour

- 409/103 **Management approach disclosures**
Chapter 1.2 Corporate policy

- 409-1 **Operations and suppliers at significant risk for incidents of forced or compulsory labour**
There were no incidents of child labour or forced or compulsory labour during the reporting period.

Security practices

- 410/103 **Management approach disclosures**
Chapter 2.3 Supply chain responsibility

- 410-1 **Security personnel trained in human rights policies or procedures**
Chapter 2.3 Supply chain responsibility

Rights of indigenous peoples

- 411/103 **Management approach disclosures**

- 411-1 **Incidents of violations involving rights of indigenous peoples**
There were no incidents in the reporting period in which the rights of indigenous peoples were violated.

Human rights assessment

- 412/103 **Management approach disclosures**

- 412-1 **Operations that have been subject to human rights reviews or impact assessments**
As our operations are located in Germany, observance of human rights is regulated by law.

- 412-2 **Employee training on human rights policies or procedures**
Human rights policy is part of our sustainability training

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

Local communities

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

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

Supplier social assessment

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

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

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

Public policy

- 415/103 **Management approach disclosures**

- 415-1 **Political contributions**
This point is not relevant for KF.

Customer health and safety

- 416/103 **Management approach disclosures**
Chapter 2.2 Product quality and customer satisfaction

- 416-1 **Assessment of the health and safety impacts of product and service categories**
Chapter 2.2 Product quality and customer satisfaction

- 416-2 **Incidents of non-compliance concerning the health and safety impacts of products and services**
During the reporting period, there were no breaches of regulations or voluntary codes of conduct related to the impact of products and services on the health and safety of our customers.

Marketing and labelling

- 417/ 103 **Management approach disclosures**
Chapter 2.2 Product quality and customer satisfaction

- 417-1 **Requirements for product and service information and labelling**
Chapter 2.2 Product quality and customer satisfaction

- 417-2 **Incidents of non-compliance concerning product and service information and labelling**
Chapter 2.2 Product quality and customer satisfaction

- 417-3 **Incidents of non-compliance concerning marketing and communications**
Chapter 2.2 Product quality and customer satisfaction

Customer privacy

418/ 103 **Management approach disclosures**

Chapter 2.4 Information security and data protection

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

Chapter 2.4 Information security and data protection

Socio-economic compliance

418/ 103 **Management approach disclosures**

Chapter 4.4 Occupational safety and health protection

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

Chapter 4.4 Occupational safety and health protection

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