

# Annual Report 2020



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A full-page background image featuring a clear blue sky with a few wispy clouds. In the lower right corner, the upper portion of a white wind turbine is visible, including its nacelle and parts of its blades. The background shows a range of green, rolling hills or mountains under the sky.

**With passion  
for a sustainable future**





# Key facts

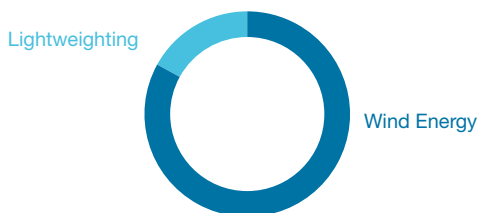
Despite the pandemic, Gurit increased its net sales in 2020 versus 2019 with a growth of 3.3% in reported CHF and 8.9% at constant exchange rates in its Continued Business. Gurit significantly improved cash flow and the relevant balance sheet ratios of equity and debt. In terms of operating profit, Gurit achieved CHF 64.6 million and a strong operating profit margin of 11.2%.

During 2020, Gurit further strengthened its profile as a leading Wind Energy and Lightweighting company with global presence. The organic growth achieved in Wind Energy underpinned the strength Gurit has achieved in this attractive growth market for renewable energy.

Gurit's Lightweighting business suffered from adverse impact due to COVID-19, but Gurit kept investing to strengthen both the Aerospace and Marine/Industrial part of its production base.

Significant investments were deployed in China, India and Mexico to further build on the position Gurit has established as a leading provider of Wind Energy composite materials, tooling equipment and core material kitting services.

3rd Party Net Sales share into Wind Energy and Lightweighting (Continued Business)



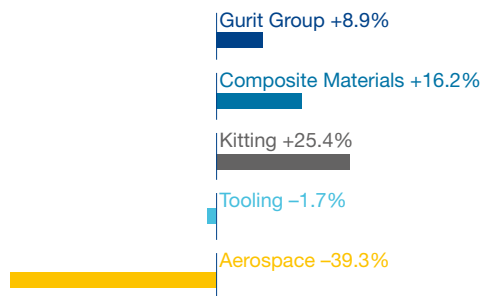
Key Figures Consolidated Income Statement 2020 (in CHF million)

Net sales	578.8
Operating profit	64.6
Net profit	46.6

Key Figures Consolidated Balance Sheet (in CHF million)

	31.12.2020	31.12.2019
Total assets	376.7	362.8
thereof Current assets	264.2	260.1
Total liabilities	204.8	216.8
thereof Current liabilities	156.9	136.5
Equity	172.0	146.0
Equity ratio	45.7%	40.2%

Sales Dynamics 2020 over 2019 (at constant rates) Continued Business



# Business and Financial Review

## Key Figures

Amounts in CHF million	2020	2019	+/- %
<b>Continued operations</b>			
Net sales	576.7	558.3	3.3%
Operating profit	64.1	61.5	4.2%
Operating profit margin	11.1%	11.0%	
Profit for the year	46.2	44.6	3.4%
<b>Discontinued operations</b>			
Net sales	2.1	18.1	- 88.4%
Operating profit / (loss)	0.5	- 9.6	
Operating profit / (loss) margin	25.5%	- 53.0%	
Profit / (loss) for the year	0.5	- 9.7	
<b>Total</b>			
Net sales	578.8	576.4	0.4%
EBITDA	76.9	72.0	6.8%
EBITDA margin	13.3%	12.5%	
Operating profit	64.6	51.9	24.4%
Operating profit margin	11.2%	9.0%	
Profit for the year	46.6	34.9	33.5%
Net cash flow from operating activities	70.2	65.9	6.5%
Capital expenditures	26.7	24.7	8.2%
Net debt	19.9	52.9	- 62.5%
Equity in % of total assets	45.7%	40.2%	
Gross debt/EBITDA ratio	0.87	1.36	
Number of employees at December 31	2 951	3 027	- 2.6%
Average number of full-time equivalents	2 944	2 923	+0.7%
Earnings per bearer share	CHF 100.31	CHF 76.06	-
Dividend per bearer share (proposed/resolved)	CHF 30.00	CHF 25.00	20.0%
Market capitalisation at December 31	1 160.6	699.2	66.0%

For explanation of financial terms used, see pages 196-197.

# Gurit Wind Energy and Lightweighting strategy has proven resilient

## A year under COVID-19 impact

Dear Shareholders,

2020 was a year of profound societal and global economic disruption caused by the COVID-19 pandemic. It was first reported in January in Asia, moved on across the globe during the entire year and is still upon us. Stringent protection measures are set in place for our employees and the business partners we are in touch with. Gurit was impacted in various ways and to different degrees for each business we operate. The Wind Energy market is considered an essential sector and could therefore operate with somewhat fewer business restrictions than our Marine/Industrial and Aerospace business units, which both were hit hard.

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➤ GRI 102-14 Statement from most senior decision maker

## Gurit strategy deployment

During 2020, Gurit strengthened its profile further within the defined company strategy to be a leading Wind Energy and Lightweighting company with global presence. The organic growth achieved in Wind Energy underpinned the strength Gurit has reached in this attractive growth market for renewable energy.

Gurit's Lightweighting business suffered in particular from adverse COVID-19 impact, but Gurit continued to invest in sites and equipment to strengthen this business as well – be it with new prepreg equipment for the Aerospace site in Kassel, Germany, or PET core material production equipment to support related Marine/Industrial sales.

Significant investments were approved and deployed to further build on the position Gurit has attained as a leading solution provider to the wind energy market with composite materials, tooling equipment and core material kitting services. The global business platform which Gurit can offer to the worldwide customer base was further improved by opening a PET core material extrusion plant in Mexico – co-located with the existing core kitting facility. Despite COVID-19 restrictions, Gurit continued to spend significant time and resources to prepare a new manufacturing footprint in the fast growing market on the Indian subcontinent. This market needs localised supply of composite materials, core kitting capacity and tooling equipment to support customers which produce wind turbine blades both for the domestic market and, equally important, for export into the Middle East and the Indo-Pacific region. Gurit will establish a core kitting plant in the North of India and Kitting, Tooling and PET core material extrusion plants in a campus near Chennai in South India in 2021. The third core Kitting plant in Wenan, China, equally prepared for in 2020, went live in the first quarter of 2021.

In February 2020, Gurit successfully completed the divestment of the former Automotive Composite Components Business to an industrial buyer. Gurit continues to support the business with composite material sales as part of the Gurit Composite Materials business.

Despite the pandemic, Gurit successfully increased its net sales in 2020 versus 2019 with a growth of 3.3% in reported CHF and 8.9% at constant exchange rates in its Continued Business. Gurit achieved a strong operating profit margin of 11.1%, while significantly improving cash flow and the relevant balance sheet ratios of equity and debt.

During 2020, Gurit reduced its employment by 2.6% to 2 951 employees as of 31.12.2020, compared to 3 027 on the payroll by the end of 2019. This reduction is also due to the divestment of the automotive business in February 2020. At the end of the year, 43.2% of the employees worked for Gurit in the Asia-Pacific region, 28.8% in the EMEA region and 28% in the Americas region, which underlines the importance of the Asian market for Gurit as a whole.

### Organisational Development

In 2020, Gurit made a modification to its organisational structure and split the former Business Unit Composite Materials into two – namely Wind Materials and Marine/Industrial. This decision was taken to gain more customer focus and detailed attention in both Business Units towards the Marine and Wind markets, respectively.

On the Board of Directors, there were no changes in the year under reporting. The Executive Committee however saw several staff member changes. On April 23, 2020, Gurit announced the retirement of its long-serving CEO, Rudolf Hadorn. On August 17, the nomination of Mitja Schulz as his successor with a handover in the first quarter of 2021. Rudolf Hadorn has been nominated to

become a member of the Gurit Board of Directors at the Annual General Meeting of 2021. In December 2019, Stefan Gautschi, the former GM of the Composite Materials Business Unit, announced his resignation, effective early summer 2020 at which time the then split-up BU saw the appointment of Lance Hill as General Manager of the Marine and Industrial Business unit, and Wind Energy which was managed by Rudolf Hadorn until Dr. Ernst Lutz joined Gurit in September 2020 as the new GM Wind Materials Business Unit. Finally, in May 2020, Andreas Kipker took over responsibility as GM of JSB, the Kitting Business unit of Gurit and succeeded Frank V. Nielsen, who left Gurit. The Gurit Executive team is now set-up as a new team for the years to come.

## Innovation

Gurit serves its customers with a wide portfolio of advanced composite materials, tooling equipment and wind blade core material kits as a service offering. Innovation at Gurit covers both new product innovations (product development) such as better chemical formulations for foam, prepreg or formulated liquid products, as well as with increasing importance manufacturing process innovations (process development), as business units like Kitting or the core material extrusion process can differentiate significantly with optimised manufacturing processes.

During 2020, Gurit worked intensely on automation solutions as add-on offerings to our existing mould systems in Tooling. Such blade making automation and industry 4.0 solutions are aimed at reducing blade production cycle time in collaboration with our customers.

The optimisation of our PET extrusion machines, paired with the research to optimise the PET chemical formulations to increase product properties and reduce the densities of the foam, were a strong focus of our R&D teams.

Gurit Kitting finished the development of faster and more automated kitting process equipment which is now ready for roll-out in the global Kitting factories.

Next to these more strategic developments mentioned above, there were many smaller product and process refinements made to maintain the attractiveness of the current product and service offering.

## Market Environment and Demand Situation

### Wind Energy

As foreseen, 2020 marked a new record year for wind turbine generator (WTG) installations globally. Chinese markets took the lead with a new record installation level. The expiry of support schemes for WTG installations in China and the US also led to a pull forward of demand from 2021 in both regions and a certain demand distortion. The materials and installation equipment shortages to cope with such levels of installation activity, paired with the COVID-19 restrictions, made the supply chain for WTG very challenging in 2020.

The 2020 US elections resulted in a tendency towards a more renewable-energy-friendly government, and paired with the expectations raised in the Chinese market toward a climate neutral society by 2060, along with the consequential strong reduction of fossil-fuel-based electricity generation towards more renewable electric

power generation from Wind and Solar, the market saw an exciting year. This could lead, upon confirmation and visible actions towards it, to a significant demand uplift in the coming years for the renewables sector and our Gurit Wind Energy business.

For 2020, the new WTG installation level is expected to be above 80 GW globally. The 2021 demand will be somewhat lower due to the described pull-forward effect from 2020. Generally, there is the expectation of a phase of long-term solid growth for WTG installations, especially in the offshore sector with multi-Mega-watt machines which better fulfil the needs for low-cost energy.

Wind energy has once more made significant progress in improving cost competitiveness by further improving its cost of energy contracts in 2020 versus non-renewable cost benchmarks. This will sustain growth of wind renewable energy beyond the government subsidised period in the various countries. The global consolidation of Wind Energy Original Equipment Manufacturers (OEMs) is expected to continue within the global top ten OEMs. Manufacturing capacity expansions are expected to grow, especially in China and India, for domestic and export business in the latter. Bigger turbines powered by ever longer blades create more challenges as the capital expenditures of the OEMs are growing much faster than the blade length. Process cycle time improvements to manufacture the big blades more quickly and automation support in the blade-making process are focus areas in Gurit Materials, Kitting and especially Tooling. Cost reduction and efficiency improvements are a necessity to make wind energy more cost-effective. Gurit's investment in PET core, co-location of PET extrusion and core kitting and the development of faster-reacting adhesives are key activities in this context.

## Lightweighting

### Aerospace

Following the outbreak of COVID-19, the demand situation worsened as of the second quarter of 2020 following the dramatic decline of global air traffic. Improved demand cannot be realistically expected for as long as the pandemic lasts. The customer base is indicating to us that, as of late 2021, we should be seeing a slightly improved demand, but it is expected to take several years to recover to business volumes at pre-pandemic levels.

### Marine & Industrial

The global marine industry was also weaker in 2020 following the pandemic restrictions. The high-end marine sector did not see a strong influx of new orders and worked mainly off the existing order books. For 2021, customers expect an improvement of the situation. With the availability of more core material due to expanded production, Gurit will also start to address the wider production boat market to raise sales in 2021. In the Industrial sector, which has a wide field of composite applications, the same COVID-19 restrictions applied in an otherwise generally good market environment. For 2021, we expect a better demand for composite architectural and building solutions, especially in the Middle East.

## Key Financial Figures 2020 for Gurit Group and Business Units

In 2020, Gurit achieved total net sales of CHF 578.8 million (2019: CHF 576.4 million). Business growth in the Continued Business (excluding automotive components) reached 3.3% in reported CHF and remarkably strong 8.9% at constant exchange rates versus 2019. The year on year growth achieved in the Continued Business was achieved mainly in Kitting (+25.4%) and Composite Materials (+16.2%) – both serving the Wind Energy market. This could over-compensate the effects of the sharply declining Gurit Aero Business (-39.3%) and the only slightly declining Tooling business (-1.7%). Stop and go impacts hurt Gurit across the globe in 2020 due to COVID-19 measures issued at most locations in which the company operates at different times and intensity.

**Sales in 2020 by geographic location** showed a further significant increase of 15.8% in the APAC region up to 43% (37.4% in 2019) of total sales. APAC is now by far the largest destination for Gurit goods delivered, driven by the wind energy demand. Sales in the European region declined year on year by 6.3% and in absolute to 29.4%. Similarly, sales in the Americas saw a small decline of 3.6% year on year and in absolute to 22.0% of total sales in 2020. Supply to the rest of the world amounted to 5.6% in 2020 (2019: 8.2%). A detailed breakdown can be found in the Notes to the Consolidated Financial Statements of this Annual Report on page 152.

Gurit reports net sales in four segments together forming Continued Operations: 'Tooling', 'Kitting', 'Composite Materials' and 'Aerospace', while 'Automotive Components' is accounted for under Discontinued Operations.

## Continued Operations

### Gurit Tooling

The Tooling Business of Gurit reached net sales of CHF 98.7 million in 2020 (CHF 106.1 million in 2019) and saw a 7% decline in sales in reported CHF and a small decline of 1.7% at constant exchange rates. The number of mould systems produced was at a high level of slightly over 60 systems. Tooling achieved good sales in the Chinese domestic market where mould demand was vibrant in 2020. However, the globally operating customer base – which is especially important for Gurit Tooling – had a reduced demand for tooling systems in 2020, as major programs had been delivered in the two previous years following their new turbine blade introduction programs. Chinese mould systems delivered have typically a lower content (and thus lower value per system sold) than internationally sold systems, which had an adverse sales mix effect on total sales in 2020. The annual cost-out programs led equally to reduced cost and sales values for the mould systems sold. In the first half year of 2020, COVID-19 caused travel restrictions, especially for internationally sold and installed tooling systems, delayed customer acceptance tests and thus shipments, as well as labour availability in the Taicang factory. In 2020, Tooling invested significant time and effort in adding tooling automation solutions to the existing mould offering to help reduce cycle time in customer blade factories. While sales of such automation solutions in 2020 resulted in low single digit millions of CHF in sales, they are expected to grow as of 2021. During 2020, the Tooling team started preparations for the new manufacturing site in south India to start operations in the second half of 2021 in order to be close to customers in the Indian subcontinent.



### **Gurit Kitting (JSB)**

The Kitting Business Unit of Gurit strongly increased sales to CHF 225.6 million in 2020 (CHF 190.7 million in 2019) and grew dynamically with 18.3% in reported CHF and 25.4% at constant exchange rates versus 2019. In essence, the solid demand especially of globally operating customers, the benefit of the increased global manufacturing footprint in which Gurit Kitting invested over the past years, resulting gains in market shares as well as higher raw material prices (especially Balsa), which also led to an increased sales value, have created the growth momentum.

The new site in Wenan, which is the third core kitting factory in China, opening in the first quarter of 2021, and the two kitting sites, one each in North and South India, to be opened in the second half of 2021, will contribute to further organic growth going forward. Upon completion of these investments in manufacturing sites and related capacity, Gurit Kitting can offer an unrivalled global core material kitting platform, wherever possible co-located or in proximity to Gurit PET material production capacities to its global customer base as an add-on benefit. An investment program into kitting machinery and equipment of new generation was completed in 2020 and is ready now for global roll-out, wherever a site needs additional capacity. This equipment will further improve the core kitting productivity and reduce labour intensity.

### **Gurit Composite Materials**

Composite Materials, which combines the Gurit composite material sales to the Wind and Marine/Industrial markets, achieved total sales of CHF 276.2 million in 2020 (CHF 249.5 million in 2019) and a significant growth of 10.7% in reported CHF and strong 16.2% at constant exchange rates versus 2019.

The very strong sales growth momentum for Gurit composite material sales in the Wind Energy market was driven by the globally increasing wind turbine blade build rates in 2020, the significantly increased Gurit PET material sales in 2020 versus 2019 and highly priced Balsa sales. The Balsa material shortage being created by very

strong material demand for his product type led to drastically increased raw material prices and subsequently high sales prices. Considering a lower demand in China, we anticipate a normalisation for 2021.

The composite material sales momentum into the Marine/Industrial market, in contrast, was hit hard by COVID-19 and declined markedly due to a reduced propensity to invest in high-end leisure yachts during pandemic times, production interruptions at customer plants caused by the pandemic, as well as a continued low demand for advanced composite materials in building and architecture, especially in the Middle East.

During 2020, Gurit Composite Materials continued with its significant investment program into a global platform of PET extrusion capacity. The extrusion site in Mexico was delayed and went live in December 2020, due to severe hinderance by COVID-19 travel and installation restrictions. The Gurit extrusion site in South India was planned and building begun, with extrusion equipment ordered for a start-up of the site in the second half of 2021.

### **Gurit Aerospace**

The Gurit Aerospace Business Unit, in line with the global travel decline and the following aerospace business contraction, was hurt hard by the COVID-19 situation. It only achieved total sales of CHF 31.6 million in 2020 (CHF 53.5 million in 2019) and thus a significant decline of 41.0% in reported CHF and a decrease of 39.3% at constant exchange rates versus 2019.

As of the second quarter of 2020, the negative sales impact was setting in. Gurit accelerated the closing (originally planned for 2021) of the Aerospace manufacturing plant in Zullwil, Switzerland into 2020 and ran significant short work and cost reduction programs in both Aero sites to contain the financial consequences as much as possible. The demand recovery path is currently expected to take several years to reach pre COVID-19 levels of activity, as it did in earlier crisis situations. With one plant in Kassel, Germany, left in operation and new machines installed there, Gurit expects to re-create an economi-

cally value-adding Gurit Aerospace business gradually, going forward.

## Discontinued Operations

### Composite Components

The Automotive Composite Components business which was divested in February 2020 reported net sales of CHF 2.1 million in 2020 compared to net sales of CHF 18.1 million in 2019.

### Profitability of the Gurit Group in 2020

Gurit increased the total Operating Profit to CHF 64.6 million in 2020 (CHF 51.9 million in 2019) with an attractive margin of 11.2% of net sales. This is an increase of 2.2% in margin compared to the 9% margin reached in 2019. 2019, however was impacted by significant losses in the Automotive Composite Components Business Units, divested in February 2020.

In the Continued Operations the operating profit in 2020 reached CHF 64.1 million with an 11.1% margin to net sales, despite all COVID-19 impacts, and slightly above the 11.0% margin achieved in 2019.

As soon as the COVID-19 situation became visible in spring 2020, Gurit Management ran cost containment measures in all business units to mitigate the impact and protect the earnings base.

The Profit for the year 2020 reached CHF 46.6 million (2019: CHF 34.9 million, 6.1% margin) and 8.1% margin of net sales which is an increase of 33.5%. Earnings per listed bearer share reached CHF 100.31 in 2020 (2019: CHF 76.06).

## Cash Flow and Balance Sheet ratios with significant improvement

Gurit achieved in 2020 a **net cash flow from operating activities** of CHF 70.2 million (CHF million 65.9 in 2019) mainly due to a CHF 11.7 million higher profit in 2020 as compared to 2019, reduced by CHF 7.4 million other adverse effects, mainly from working capital increases.

**Capital expenditures** amounted to CHF 26.7 million in 2020 compared to CHF 24.7 million in the previous year. Investments made in PET extrusion capacities in Composite Materials, Kitting investments in new equipment and production sites and Aero equipment renewal mark the major investments made in growth capacity, apart from regular equipment overhaul and IT upgrade spending.

Gurit managed to reduce gross debt by CHF 30.8 million during 2020 down to CHF 67.1 million (2019: CHF 97.9 million) and reduced net debt by CHF 33.0 million to CHF 19.9 million (2019: CHF 52.9 million).

During 2020, the gross debt to EBITDA ratio was improved significantly and reached 0.87 at year-end 2020 compared to 1.36 at year-end 2019.

The equity ratio further increased to 45.7% at year-end 2020 from 40.2% at year-end 2019.

## Risk Management

Risk management represents an integral part of the Group's conduct of business and is therefore an important element of daily business conduct. A formal risk management review and subsequently an update of the risk profiles are performed semi-annually by Management and Board of Directors, including assessment of the individual sites. Gurit groups the risks into the following three categories: strategy execution risks, operational risks and financial risks. The different business risks are assessed and prioritised according to their financial impact and the likelihood of their occurrence. The Executive Committee ensures that appropriate measures are taken to mitigate the risks. The Board of Directors is regularly updated of the Group's risk profile and the corresponding mitigating action plans and their respective changes.

Gurit has identified the following key risks out of its wider business risk list which are all managed according to the outlined risk management process:

The wind energy industry is to a certain degree still influenced by governmental policies, such as the introduction of auction systems, which can affect demand momentum in a given time period. Based on the Gurit global footprint of operations and sales, the Company is able to balance such risks to a certain degree. The long-term trend in the Wind Energy industry is to reduce cost per kWh of produced energy, which requires steady cost reduction and subsequently creates price pressure in the supply chain. Gurit strives to meet these challenges with efficiency improvements, fixed cost leverage through volume growth and product innovation to reach the required product cost reductions. With new automation solutions included in our tools and optimised core material kits, we support our customers' target to reduce cycle times to produce blades.

Gurit is undertaking a major investment in PET core materials both from a capital investment as well as from a site expansion viewpoint. The execution risks of such a major program exist and are being monitored monthly.

The business situation in the Gurit Aerospace Business Unit has significantly worsened as the COVID-19 pandemic caused a strong contraction of global air travel and thus the demand for new aircraft. Depending on the demand recovery for the aerospace industry and the Gurit Aerospace business in consequence, there are risks of under-critical size and the recovery to economic value creation of this business unit. Strong measures, as already described in this report, have been taken but the timing and degree of business recovery remain a major risk.

Gurit is active in the chemical and materials processing business and is working hard to steadily improve the Health and Safety of its products and operations. In 2019, Gurit started a major initiative to further improve its overall operations and reduce related risks, and has made significant progress in 2020 to reduce lost time accidents and related risks.

IT cyber and fraud attacks are an increasing risk to any business. Gurit is steadily reinforcing its defence against such attacks with more refined IT systems, along with stronger access and detection security measures. The exposure to related attacks remains however as a significant business risk.

Gurit is also faced with material procurement risks. Price development in general is tied to the oil price for all oil-based raw materials used and the price of steel, in particular, for the Tooling business. Other material procurement risks relate to the availability of supply and climatic conditions for balsa wood harvest, individual vendor delivery constraints, commodity changes driven by health and safety regulations or changes in governmental regulation in regions or countries. As part of its

philosophy as a responsible supplier, Gurit has started to re-formulate several of its Formulated products to improve user health and safety through the careful selection of chemicals.

Gurit is also exposed to transaction exchange rate risks as it is selling and manufacturing globally.

At the time of editing this report, we are almost one year under the continued influence of the COVID-19 pandemic. There is a possibility that a continued pandemic beyond 2021 may have even more material adverse effects on the business.

## Sustainability

Gurit decided to become climate neutral in 2021 in terms of its direct emissions and the part of its indirect emissions the company can directly influence. We intend to achieve this through operative measures, switching all our power consumption to renewable power generation sources and for the remainder of emissions we cannot yet avoid, we will support a wind park project in India. The sustainability of the Gurit business is growing in significance every year. Wind Energy as a renewable form of electricity generation represents over 80% of Gurit's business activity. Lightweighting, in terms of higher performing materials in Aero, Marine, and Industrial markets, makes up the balance of activity. Gurit is acting in business fields which create strong benefits for a better world for us and our children. Gurit is an attractive employer which creates passion and a clear and compelling purpose of what we are developing and producing for the global markets. We undertake to develop and promote our own human resources with the longer-term ambition to staff more than 50% of our leadership positions from within the company. We also want to attract young talent to achieve this. As a key part of the responsible purpose of our business, the reduction of hazardous materials used to create our products is continuously focused on – exemplarily in our recycled PET initiative to substitute thermoset foams over time.

Occupational Health and Safety improvements are critical to us and supported by a major program. Equally we steadily improve our customer order fulfillment and our quality levels. We do business under a strong code of business ethics. We have issued a separate Sustainability Report as part of this annual report, also published on our website at [www.gurit.com/About/Sustainability](http://www.gurit.com/About/Sustainability)

## Outlook and Proposed Distribution to Shareholders

The wind energy market development was vibrant in 2020 and the Global Wind Energy Council (GWEC) expects that more than 82 GW of new wind power turbines were connected to the grid globally. For 2021, we anticipate a weaker demand, especially in China, which commissioned a record number of turbines in late 2020. Mid and long term, the Wind Energy growth megatrend is expected to gain additional impetus from the changes in the US Government in 2021 and especially from the China 2060 climate neutrality goals, as well as from the European Green Deal plan to achieve zero net emissions by 2050. All these government initiatives are aimed at boosting renewable power installations in the next decades to new heights of demand. Offshore installations in Europe, Asia and the US are expected to bring growth contributions, while onshore installations are anticipated to stagnate. The trend towards bigger turbines and thus fewer but much longer turbine blades remains unchanged. As of 2025, a major volume of onshore repowering installations is expected in the onshore business, replacing aged turbines at favourable wind sites with new ones. For the Aerospace business, which was hurt globally following the COVID-19 travel curtailment, we expect a multi-year gradual recovery from current, depressed demand levels only. In Marine/Industrial, we expect growth momentum from the production boat sector and select industrial accounts, while the high-end sailing boat market segment still has some purchasing hesitation due to the pandemic priority setting of many affluent yacht owners.



Peter Leupp, Chairman of the Board of Directors (left), Rudolf Hadorn, Chief Executive Officer\* (right).

Overall and concluding from the above market assessment, we currently expect to achieve a 2021 sales revenue in the range of CHF 530-580 million and a profitability in the range between 9-11% for the year 2021. The unknown development of the pandemic situation adds uncertainty to the global economy and potential impacts on individual businesses.

The Board of Directors will propose to the Annual General Meeting of Shareholders, scheduled for April 14, 2021, a dividend of CHF 30.00 per stock exchange listed bearer share, which is an increase of CHF 5.00 versus the prior year. This is a distribution of in total CHF 14.0 million to shareholders.

We would like to thank all our employees for their excellent performance and strong contribution to the company's success and strategic development actions, especially under the influence of a global pandemic for almost the entire year 2020. This situation curtailed

many business opportunities and limited customer contacts as well as strategic developments. Furthermore, we are grateful for continued customer loyalty and rewarding, mutually respectful relationships with our business partners. Last but not least, we would like to extend our sincere gratitude towards our shareholders for their ongoing trust and support.

Yours sincerely, Gurit Holding AG

A blue ink signature of Peter Leupp, consisting of a stylized 'P' followed by a cursive 'Leupp'.

Peter Leupp  
Chairman of the  
Board of Directors

A blue ink signature of Rudolf Hadorn, featuring a stylized 'R' and 'H' followed by a cursive 'Hadorn'.

Rudolf Hadorn  
Chief Executive  
Officer\*

Zurich, January 2021

\* Rudolf Hadorn held the CEO function during the year under review. He handed over this role to his successor Mitja Schulz in January 2021.

# Organisation

## Board and Group Management

### Board of Directors of Gurit Holding AG

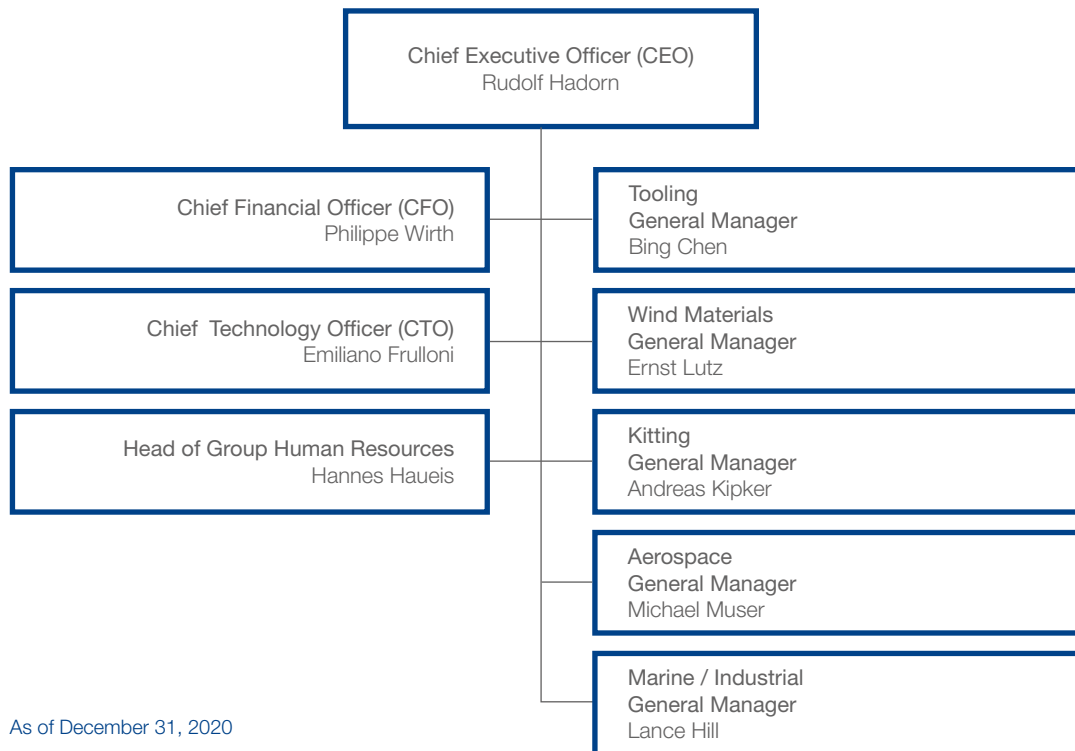
Peter Leupp, Chairman of the Board of Directors  
 Stefan Breitenstein, Chairman of the Audit and Corporate Governance Committee  
 Urs Kaufmann, Chairman of the Nomination and Compensation Committee  
 Dr. Bettina Gerharz-Kalte, Member  
 Nick Huber, Member  
 Philippe Royer, Member

### Group Management

Rudolf Hadorn, CEO  
 Philippe Wirth, CFO  
 Bing Chen, General Manager BU Tooling  
 Emiliano Frulloni, Chief Technology Officer  
 Hannes Haueis, Head of Group Human Resources  
 Lance Hill, General Manager BU Marine / Industrial (started May 1, 2020)  
 Andreas Kipker, General Manager BU Kitting (started May 1, 2020)  
 Ernst Lutz, General Manager BU Wind Materials (started September 1, 2020)  
 Michael Muser, General Manager BU Aerospace

### Auditors

PricewaterhouseCoopers AG, Zurich



As of December 31, 2020

# Investor Relations

## Share Capital

The share capital of Gurit Holding AG is divided into:

240 000 registered shares at CHF 10.00 par value	Securities no. 185 039
420 000 bearer shares at CHF 50.00 par value	Securities no. 801 223

Par value adjusted to CHF 50.00, this results, purely arithmetically, in a total of 468 000 shares.

## Stock Market Trading

The bearer shares are listed on SIX Swiss Exchange. Prices are published in the Swiss daily and financial press as well as in electronic price information systems under the following symbols or numbers:

Bearer share:

Reuters	GUR.S
Telekurs	GUR
Securities no.	801 223
ISIN	CH0008012236

## Important Dates

The most important dates for publications this year and next are shown below:

April 14, 2021 <b>Annual General Meeting 2021</b> (expected to take place without physical presence of shareholders) <b>Press release on Q1 net sales</b>	End of January 2022 <b>Press release on FY 2021 net sales</b>
August 17, 2021 <b>Half-Year Report 2021</b> <b>Analyst/Media Conference</b>	End of February / March 2022 <b>Presentation full-year results 2021</b> <b>Analyst/Media Conference</b> <b>Publication of Annual Report 2021</b>
October 15, 2021 <b>Press release on Q3 2021 net sales</b>	April 2022 <b>Annual General Meeting 2022</b>

The key dates are continuously updated at [www.gurit.com/Investors/Events](http://www.gurit.com/Investors/Events)

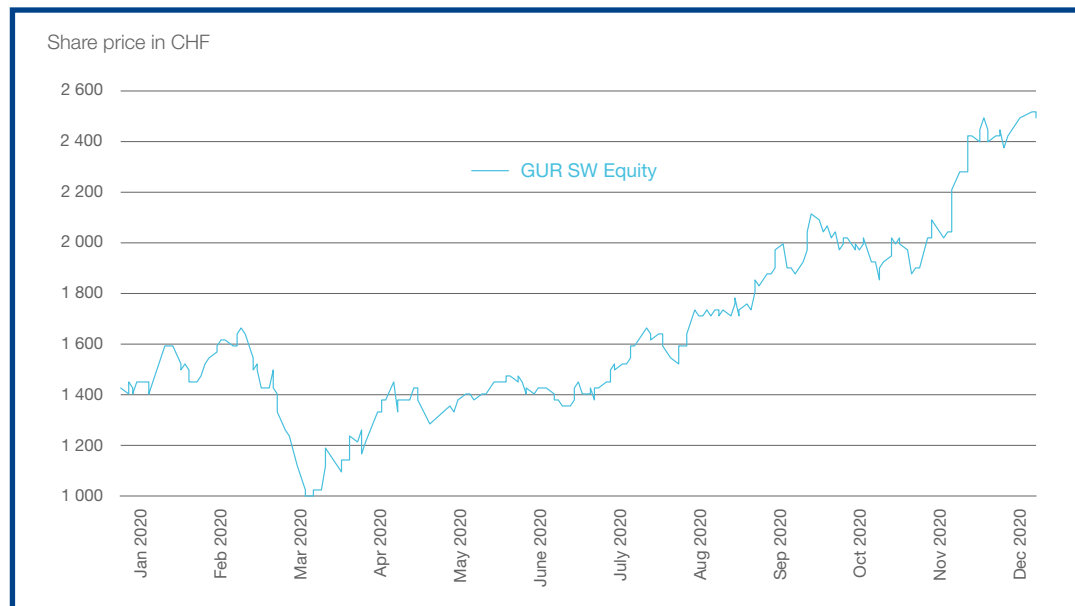
## Internet/Email Alerts

For additional information, please visit the Gurit website at <http://www.gurit.com/Investors>

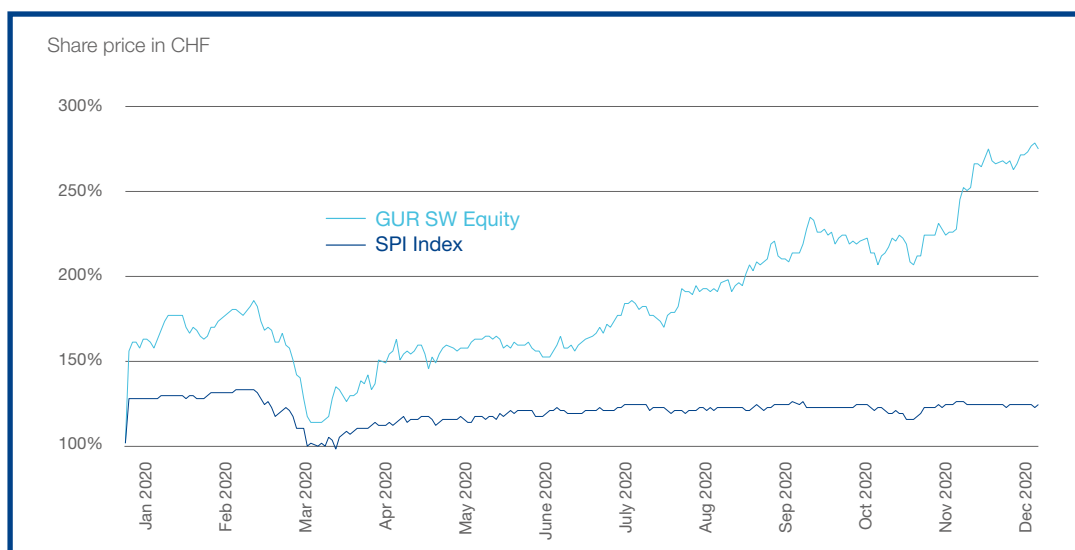
Sign-up for e-mail alerts on Gurit is available at <http://www.gurit.com/Investors/News-Subscription>

# Stock Price Chart

## Gurit Share Price Development



## Gurit Bearer Shares and Respective Indices





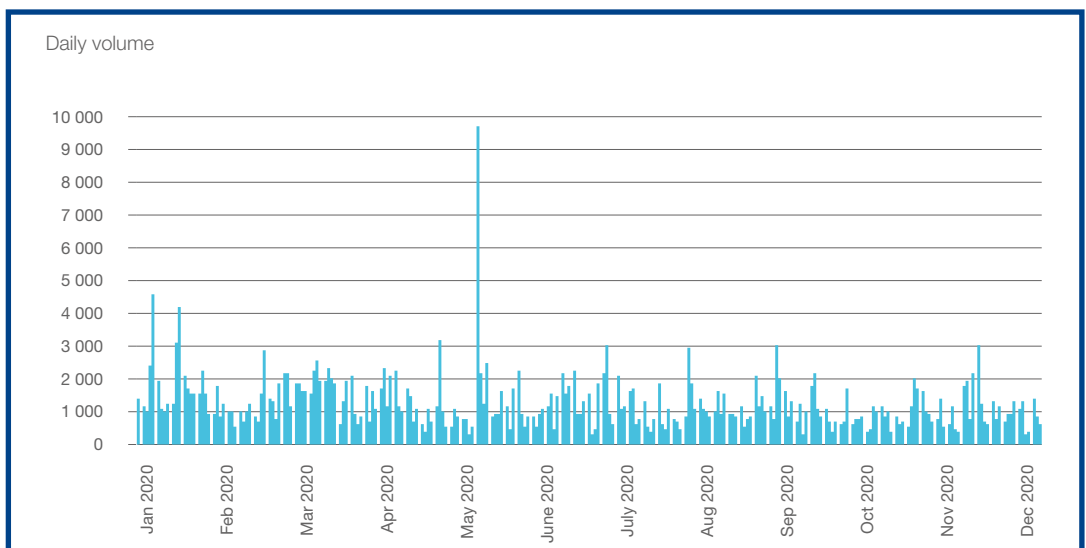
## Key Figures per Bearer Share

	2020	2019	2018	2017	2016
Price at year-end	CHF 2 480.00	CHF 1 494.00	CHF 867.00	CHF 1 053.00	CHF 809.00
Highest price	CHF 2 520.00	CHF 1 494.00	CHF 1 066.00	CHF 1 216.00	CHF 896.00
Date	28.12.2020	30.12.2019	26.01.2018	20.07.2017	10.10.2016
Lowest price	CHF 980.00	CHF 859.00	CHF 748.00	CHF 758.50	CHF 470.75
Date	16.03.2020	03.01.2019	04.04.2018	31.01.2017	12.02.2016
Earnings per bearer share	CHF 100.31	CHF 76.06	CHF 42.96	CHF 53.32	CHF 55.64
Distribution out of reserves from capital contributions	–	–	CHF 3.75	CHF 20.00	CHF 15.00
Gross dividend paid	CHF 25.00	CHF 20.00	CHF 16.25	–	–

## Taxable Values of Traded Securities

	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Bearer shares CHF 50.00	CHF 2 480.00	CHF 1 494.00	CHF 867.00	CHF 1 053.00	CHF 809.00

## Trading Volumes in Gurit Bearer Shares



# Corporate Governance

The following chapter describes the principles of corporate governance applied at the Board and Senior Management level at Gurit in accordance with the “Directive on Information Relating to Corporate Governance” published by SIX Swiss Exchange. Unless otherwise indicated, all information refers to the 2020 fiscal year ending on December 31, 2020. The key principles and rules on Corporate Governance for Gurit are defined in the Articles of Association and the Organisational Regulations; they are based on the recommendations set out in the “Swiss Code of Best Practice for Corporate Governance” published by *economiesuisse* — the federation of Swiss business. Significant changes that occurred between year-end and the copy deadline are duly disclosed. Gurit also publishes a Compensation Report, included as a separate chapter in this Annual Report.

➤ GRI 102-18	Governance structure
➤ GRI 102-22	Composition of the highest governance body and its committees
➤ GRI 102-23	Chair of the highest governance body
➤ GRI 102-24	Nominating and selecting the highest governance body
➤ GRI 102-25	Conflicts of interest

# 1. Group Structure and Shareholders

## 1.1 Group Structure

### 1.1.1 Operational Group Structure

The Gurit Group is an international industrial group specialising in the development, production, supply, and marketing of advanced composite materials, as well as tooling, kitting and engineering. An organisational chart depicting the Group organisation for the 2020 fiscal year can be found on page 18.

### 1.1.2 Legal Structure of Subsidiaries

Of all the companies consolidated, Gurit Holding AG (the Gurit Group's holding company) is the only one listed on a stock exchange. Gurit Holding AG is domiciled in Wattwil, Switzerland. Gurit bearer shares (security No. 801223, ISIN CH0008012236, symbol GUR) are listed on SIX Swiss Exchange; the registered shares of Gurit Holding AG are not listed.

Based on the bearer shares' year-end closing price of CHF 2 480.00 and equally valuing the par-value-adjusted registered shares, the market capitalisation on December 31, 2020 amounted to CHF 1 160.6 million.

**1.1.3 Information about the non-listed Gurit group companies can be found in the overview on pp. 178 of the Financial Report.**

## 1.2 Significant Shareholders

On December 31, 2020, the Company knew of the following shareholders holding more than 3% of the voting rights in Gurit Holding AG:

Huwa Finanz- und Beteiligungs AG, Bahnhofstrasse 2, 9435 Heerbrugg, Switzerland, holds 220 000 registered shares. This equals 33.33% of all voting rights in Gurit Holding AG. The shares of Huwa Finanz- und Beteiligungs AG are held by the families of Ruedi

Huber, Balgach/Switzerland, Helene Huber, Balgach/Switzerland, and Nick Huber, Balgach/Switzerland, and are governed by a shareholder agreement. Further details on the disclosure of shareholdings are available on the SIX Swiss Exchange website mentioned at the end of this section.

Martin Bisang, 8700 Küsnacht, Switzerland, holds through Whale Holding AG / Whale Ventures AG, Baarerstrasse 2, 6300 Zug, 66 000 bearer shares equaling 15.15% of all voting rights in Gurit Holding AG.

Robert Heberlein, 8126 Zumikon, Switzerland, holds directly and indirectly via Burix Beteiligungen AG, c/o Fidura Immobilien AG, Gotthardstrasse 20, 6300 Zug, 4.75% of all voting rights in Gurit Holding AG. 2.96 percentage points thereof stem from the ownership of 19 545 registered shares and 1.79 percentage points from 11 790 bearer shares.

Credit Suisse Funds AG, Zurich holds 20 628 bearer shares and 3.13% of voting rights.

Disclosures related to significant shareholders and their shareholdings reported in 2020 as well as updated information on major shareholders are available on the SIX Swiss Exchange website at:

<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?company-id=GURIT>

## 1.3 Cross-Shareholding

Gurit Holding AG has no cross-shareholding arrangements with other companies.

## 2. Capital Structure

Information about the capital structure can be found in Gurit Holding AG's Articles of Association, in the Financial Report and the statements on Gurit Holding AG as well as in the Investor Relations section on page 18 of this report. The Articles of Association are available on the Company's website:

<http://www.gurit.com/About/Corporate-Governance>

### 2.1 Capital

Details on the capital are included in the Notes to Gurit Holding AG's Financial Statements on pp. 186.

### 2.2 Authorised or Contingent Capital in Particular

Gurit Holding AG has no authorised or contingent capital.

### 2.3 Changes in Equity of Gurit Holding AG

In the past three years the following changes in equity have occurred:

In CHF 1000	December 31, 2020	December 31, 2019	December 31, 2018
Share capital	23 400	23 400	23 400
Legal reserves			
Reserves from capital contributions	81	81	81
Other legal reserves	4 680	4 680	4 680
Retained earnings	193 139	147 969	115 929
Treasury shares	- 263	- 232	- 118
<b>Total equity</b>	<b>221 037</b>	<b>175 898</b>	<b>143 972</b>

### 2.4 Shares and Participation Certificates

The Company's share capital consists of 240 000 registered shares with a par value of CHF 10.00 each and 420 000 bearer shares with a par value of CHF 50.00 each. Bearer shares are traded in the domestic segment of the SIX Swiss Exchange (security No. 801223, ISIN CH0008012236, symbol GUR). All shares are fully paid up and entitled to dividends. All registered shares and bearer shares, regardless of their nominal value, are entitled to one vote.

Gurit Holding AG has not issued any participation certificates.

### 2.5 Profit-Sharing Certificates

Gurit Holding AG has not issued any profit-sharing certificates.

### 2.6 Limitations on Transferability of Shares and Nominee Registrations

According to paragraph 4 of the Articles of Association, only individuals who are entered in the share register may be recognised as the owners or beneficiaries of non-traded registered shares. Registration of ownership may be refused only in cases where the purchaser does not expressly declare that he or she acquired the registered shares for his or her own account. Bearer shares listed on the stock market are freely transferable. There are no regulations to any other effect regarding nominee registrations. Changes in the statutory regulations restricting the transferability of registered shares require at least two-thirds of the votes represented at the Annual General Meeting and an absolute majority of the nominal value of the shares.

### 2.7 Convertible Bonds and Options

Gurit Holding AG has no outstanding convertible bonds nor stock options.

### 3. Board of Directors

On December 31, 2020, the Board of Directors of Gurit Holding AG consisted of six members.

#### 3.1 and 3.2 Members of the Board of Directors

The personal details together with the other activities and vested interests of individual members of the Board of Directors are listed on the next pages:

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#### Peter Leupp

Chairman of the Board of Directors  
El.-Ing., ETH Zurich  
Swiss citizen, 1951  
Non-executive member




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#### Professional Background (Main Stages)

1977 – 1988	Various functions at BBC (now ABB) in High Voltage Development
1988 – 1989	CEO, Technochemie AG, Switzerland
1989 – 1999	Various leading positions at High and Medium Voltage, ABB, Switzerland
1999 – 2000	Local Head of Power Transmissions and Distribution division at ABB, Switzerland
2001 – 2006	Country Manager in China; Chairman and President of ABB (China) Ltd
2005 – 2006	Region Manager North Asia, ABB Ltd, Switzerland
2007 – 2012	Head Power Systems division, Member of the Group Executive Committee of ABB Ltd, Switzerland
2012 – 2017	Executive Advisor to the Group Executive Committee of ABB Ltd, Switzerland

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#### Stefan Breitenstein

Member of the Board of Directors  
Attorney at Law, Dr. iur. University Zurich  
LL.M. Harvard Law School  
Diplôme des Hautes Etudes Européennes, College of Europe, Bruges  
Swiss citizen, 1957  
Non-executive member




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#### Professional Background (Main Stages)

Since 1994 Partner at Lenz & Staehelin

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#### Other Important Activities and Vested Interests

Vice-Chairman of the Board of Directors, Brink's International Holdings AG, Zug, Switzerland  
Member of the Board of Directors, EPIC Swiss AG, Zurich, Switzerland  
Member of the Board of Directors, MAN Truck & Bus AG, Otelfingen, Switzerland  
Member of the Board of Directors, Kar-Tess Holding, Luxembourg  
Member of the Board of Directors, The A.G. Leventis Foundation, Liechtenstein  
Vice-Chairman of the Board of Directors L&S Trust Services S.A., Geneva, Switzerland

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### **Bettina Gerharz-Kalte**

Member of the Board of Directors  
Ph.D. in Chemistry, Max-Planck Institute Polymer Science,  
Johannes Gutenberg University Mainz, Germany  
German Citizen, 1964  
Non-executive member



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#### **Professional Background (Main Stages)**

1992 - 2002	Various Management positions in Germany and Switzerland at HOECHST AG and Clariant AG within the field of specialty chemicals
2003 – 2005	BL head Emulsion Powder at Celanese GmbH
2005 – 2012	Managing Director Elotex Frankfurt, Germany and Member of the Management Team in Switzerland responsible for Marketing globally, belonging to the group's National Starch and Chemicals, ICI and AkzoNobel
2012 – 2014	Purchasing Director AkzoNobel Functional Chemicals, Netherlands
Since 2014	Vice President New Growth Business Thermal Insulation at Evonik Resource Efficiency GmbH, Germany
Since 1.12.2020	Vice President New Growth Area Thermal Insulation, Evonik Operations GmbH

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### **Nick Huber**

Member of the Board of Directors  
Businessman  
Stanford Executive Program, Stanford University  
Swiss citizen, 1964  
Non-executive member



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#### **Professional Background (Main Stages)**

1990 – 1995	Account Manager, IBM (Schweiz) AG, Switzerland
1995 – 2016	Different management positions within the SFS Group, Heerbrugg, Switzerland

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#### **Other Important Activities and Vested Interests**

Chairman of the Board of Directors, COLTENE Holding AG, Altstätten, Switzerland  
Member of the Board of Directors, SFS Group AG, Heerbrugg, Switzerland  
Member of the Board of Directors, Huwa Finanz- und Beteiligungs AG, Heerbrugg, Switzerland

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## Urs Kaufmann

Member of the Board of Directors  
Dipl. Ing. ETH Zurich  
Senior Executive Program IMD  
Swiss citizen, 1962  
Non-executive member



### Professional Background (Main Stages)

1987 – 1993 Production and Sales Manager, Zellweger Uster AG, Uster, Switzerland and USA  
1994 – 1997 Managing Director of Henry Berchtold AG, Zell, Switzerland, (subsidiary of Huber+Suhner AG, Switzerland)  
1997 – 2000 Division Manager and Member of the Executive Management Team, Huber+Suhner AG, Pfäffikon, Switzerland  
2001 – 2002 Member of Group Management, Huber+Suhner AG, Pfäffikon, Switzerland  
2002 – 2017 CEO, Huber+Suhner AG, Pfäffikon, Switzerland  
2014 – 2017 Delegate of the Board, Huber+Suhner AG, Pfäffikon, Switzerland

### Other Important Activities and Vested Interests

Member of the Board of Directors, Müller Martini Holding AG, Hergiswil, Switzerland  
Member of the Board of Directors, SFS Group AG, Heerbrugg, Switzerland  
Chairman of the Board of Directors, Schaffner Holding AG, Luterbach, Switzerland  
Member of the Board of Directors, Vetropack AG, Bülach, Switzerland  
Chairman of the Board of Directors, Huber+Suhner AG, Pfäffikon, Switzerland  
Member of the Executive Committee SWISSMEM  
Member of the Executive Committee, Swiss Employers' Association

## Philippe Royer

Member of the Board of Directors  
Business Administration degree, ICG Paris, 1993  
Engineer, Ecole Centrale de Lyon, 1984  
French Citizen, 1961  
Non-executive member



### Professional Background (Main Stages)

1985 – 1987 IT Manager, Lee Cooper, France  
1988 – 1990 Supply chain and IT Manager, Devanlay, France  
1991 – 1999 Various leading positions, then Managing Director, Eurofoil, Luxembourg  
2000 – 2001 Senior Vice President, VAW Business Unit Foil, Germany  
2002 – 2006 Business Unit President, Alcoa, Switzerland  
2007 – 2013 Chairman & CEO, Manoir Industries, France  
2014 – 2018 CEO, Metalor, Switzerland

### 3.3 Statutory Number of Permitted Activities

According to paragraph 27 of the Articles of Association, a member of the Board of Directors may hold

- a maximum of five mandates as member of a top governing or administrative body of other listed companies outside the Gurit Group
- additionally a maximum of 20 mandates as member of a top governing or administrative body of non-listed legal entities outside the Gurit Group
- additionally a maximum of five mandates in non-profit associations and foundations as well as pension funds outside the Gurit Group

### 3.4 Elections and Terms of Office

Name	Born	Position in BoD	First election to BoD
Peter Leupp	1951	Chairman	23.04.2010
Stefan Breitenstein	1957	Member	10.04.2014
Bettina Gerharz-Kalte	1964	Member	09.04.2019
Nick Huber	1964	Member	15.06.1995
Urs Kaufmann	1962	Member	12.04.2006
Philippe Royer	1961	Member	09.04.2019

All members of the Board of Directors and the Chairman of the Board of Directors are elected individually by the Annual General Meeting of Shareholders (AGM) for a term of office of one year (i.e., until the following Annual General Meeting). Members may be re-elected. There is no statutory limit to the maximum period of office for members of the Board of Directors. But the period of office is limited to the AGM following the completion of the age of 72 years.

### 3.5 Internal Organisation

#### 3.5.1 Allocation of Tasks Within the Board of Directors

The Board of Directors acts as a joint body. Decisions are taken on the basis of the majority of the votes submitted.

The Chairman of the Board organises and leads the work of the Board of Directors. In cooperation with the CEO, he makes sure that the other members of the Board receive the necessary information for their decision-making as well as the supervisory functions. He is the formal representative of the Group to the outside world. He may be assisted by one or two additional members defined by the Board.

#### 3.5.2 Membership of the Board's Committees, their Duties and Responsibilities

The Board has formed two permanent committees:

##### Audit and Corporate Governance Committee

Chairman: Stefan Breitenstein

Members: Peter Leupp, Philippe Royer

The Audit and Corporate Governance Committee consists of nonexecutive members of the Board of Directors. It assists the Board of Directors in its supervisory financial duties and checks the effectiveness, performance, and compensation of the external auditors. The Audit and Corporate Governance Committee also oversees the financial reporting processes within the Group.

The Chairman of the Audit and Corporate Governance Committee furthermore acts as an independent contact for any concerns or advice on the Gurit Code of Conduct.



### **Nomination and Compensation Committee**

Chairman: Urs Kaufmann

Members: Bettina Gerharz-Kalte; Nick Huber;  
Peter Leupp

The Nomination and Compensation Committee prepares all relevant decisions of the Board of Directors with respect to the compensation of members of the Board of Directors and the Group management and submits the respective proposals and recommendations to the Board of Directors. It defines the guidelines for the selection and election of potential new members of the Board of Directors as well as the function of the Group's CEO. The committee approves appointments to the Group Management made by the CEO; the compensation system for the Group, in particular with respect to employee share option plans and performance-based remuneration plans; and the general principles of the Group's human resource policy.

To consult and execute specific and short-term projects or issues, special ad hoc committees can be nominated.

#### **3.5.3 Working Methods of the Board of Directors and its Committees**

The Board of Directors meets annually for at least four ordinary meetings, generally one in each quarter.

In 2020, the Board of Directors met seven times and held four extraordinary calls. The attendance and durations are detailed in the tables on page 30.

There was no changes in the Board of Directors and its committees during 2020.

Only committee members attend the committee meetings rather than the entire Board of Directors.

The Audit and Corporate Governance Committee met three times in 2020. Further details are outlined in the table on page 30.

The Nomination and Compensation Committee met twice in 2020. Further details are outlined in the table on page 31.

Board meetings are summoned in writing by the Chairman. An invitation, along with a detailed agenda and documentation, is sent to all participants at least five days ahead of the meeting date.

As a rule, the Chief Executive Officer attends all meetings of the Board of Directors and the Committees. The Chief Financial Officer attends meetings of the Board of Directors and the Audit and Corporate Governance Committee meetings. In order to ensure that the Board has sufficient information to take decisions, other members of staff or third parties may also be invited to attend on specific topics or general business discussions.

The Board meets quorum if all members have been duly invited and the majority of its members take part in the decision-making process. Members may participate in deliberations and the passing of resolutions by telephone or other suitable electronic media if all participants are in agreement. The Board's decisions are taken on the basis of the votes submitted. In the event of a tie, the Chairman has the casting vote. Decisions may also be made in writing.

Proposals are sent to all members, and they are regarded as passed if the majority of members agree unconditionally and no member insists on discussion of the issues in question within an agreed period of time.

Members of the Board of Directors are obliged to leave meetings when issues are discussed that affect their own interests or the interests of persons close to them.

All proposals and decisions are entered in the minutes to the meeting.

## Overview of duration and attendance of meetings

### Board of Directors meetings in person

Date	Duration in hours	Participants	Leupp	Breitenstein	Gerharz-Kalte	Huber	Kaufmann	Royer
24.02.2020	7	6/6	x	x	x	x	x	x
15.04.2020	2	6/6	x	x	x	x	x	x
06.07.2020	8	6/6	x	x	x	x	x	x
07.07.2020	3	6/6	x	x	x	x	x	x
13.08.2020	4	6/6	x	x	x	x	x	x
14.10.2020	4	6/6	x	x	x	x	x	x
18.12.2020	9	6/6	x	x	x	x	x	x
<b>Total</b>	<b>37</b>							

### Board of Directors extraordinary calls

Date	Duration in hours	Participants	Leupp	Breitenstein	Gerharz-Kalte	Huber	Kaufmann	Royer
26.03.2020	1	6/6	x	x	x	x	x	x
13.05.2020	1	6/6	x	x	x	x	x	x
20.07.2020	1	6/6	x	x	x	x	x	x
22.12.2020	1	6/6	x	x	x	x	x	x
<b>Total</b>	<b>4</b>							

### Audit and Corporate Governance Committee meetings in person

Date	Duration in hours	Participants	Leupp	Breitenstein	Royer
24.02.2020	2	3/3	x	x	x
13.08.2020	2	3/3	x	x	x
17.12.2020	2	3/3	x	x	x
<b>Total</b>	<b>6</b>				

## Nomination and Compensation Committee meetings in person

Date	Duration in hours	Participants	Kaufmann	Leupp	Huber	Gerharz-Kalte	Hadorn (EC/CEO)	Haueis (EC/CHRO)
17.02.2020	4	3/4	x	x	x		x	
17.12.2020	3	4/4	x	x	x	x	x	x
<b>Total</b>	<b>7</b>							

### 3.6 Definition of Areas of Responsibility

The Board of Directors' main duties are the following:

- To formulate general Group strategies, policies and the industrial concept of Gurit as a whole
- To decide on acquisitions, divestments, foundation or liquidation of subsidiaries and to approve capital investment decisions exceeding CHF 500 000
- To define the Group's organisational structure and its organisational regulations
- To define the Group's financing strategy; decide on collective means of financing; to determine accounting, financial control and financial planning policies and their adherence; and to approve the financial statements
- To appoint or dismiss Group Management members and people entrusted with representation functions.
- To oversee the Sustainability Strategy and its deployment in the Group.

Apart from this, management is generally delegated to the CEO.

### 3.7 Information and Control Instruments vis-à-vis Executive Committee

As a rule, Group Management updates the Board of Directors and especially the Audit and Corporate Governance Committee on operations and the Group's financial position every month. In addition, the CEO and CFO report back on business and all matters of relevance to the Group at each Board meeting or ad hoc. Risk management forms an integral part of the Group's conduct of business. A formal risk management review and subsequently an update of the risk profiles is performed by the Business Units and the Executive Committee. The Executive Committee ensures that appropriate measures are taken to mitigate risks. The Board of Directors is informed in the Board of Directors' meetings of the Group's risk profile and mitigating action plans. If the Group is exposed to major new risks, the Chief Executive Officer or his deputy will inform the Chairman of the Board of Directors immediately after he became aware of the risk. Further detail regarding Gurit's Risk Management is provided in the Group Business and Financial Review of this Annual Report.

Every member of the Board of Directors also has the right to ask any member of Group Management for information about matters within his remit, also outside of meetings held.

The Chairman of the Board of Directors is also informed by the Chief Executive Officer about all business and issues of a fundamental nature or of special importance.

## 4. Executive Committee

On December 31, 2020, Gurit Holding AG's Group Management consisted of the CEO and the CFO as well as six other members of the Executive Committee. The personal details together with other activities and vested interests of the individual members of the Executive Committee are listed below:

### 4.1 Members of the Executive Committee

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#### Rudolf Hadorn

Chief Executive Officer  
lic. oec. HSG  
Swiss citizen, 1963




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#### Professional Background (Main Stages)

1989 – 2000	Management and Executive positions with GM in Europe
2000 – 2002	CEO, Krone GmbH, Berlin, Germany
	CFO, Krone Group
2002 – 2004	CFO, Ascom Group, Berne, Switzerland
2004 – 2007	CEO, Ascom Group, Berne, Switzerland
Since November 1, 2007	CEO, Gurit

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#### Philippe Wirth

Chief Financial Officer  
lic. oec. publ.  
Swiss Citizen, 1972




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#### Professional Background (Main Stages)

2000 – 2017	Senior Finance Positions and Director of Global Business Transformation Program at Mettler Toledo
2017 – 2019	Chief Financial Officer at Crealogix, Zurich
Since October 21, 2019	Chief Financial Officer, Gurit

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**Emiliano Frulloni**

Chief Technology Officer  
 PhD in Materials Science and Technology, University of Perugia  
 MBA Manchester Business School  
 Italian and British citizen, 1974

**Professional Background (Main Stages)**

2005	Development Engineer, Cytec Engineered Materials
2009	R&D Group Leader, Cytec Engineered Materials
2013	Global R&D Director Composite Product Development, Cytec
2015	Global R&D Director Composite Product Development, Solvay
Since November 1, 2018	Chief Technology Officer, Gurit

**Hannes Hauois**

Head of Group Human Resources  
 Degree in Electrical Engineering  
 Austrian citizen, 1962

**Professional Background (Main Stages)**

1997 – 2004	Head of Global Training & Development, Unaxis AG, Switzerland
2004 – 2009	VP Human Resources / Corporate People Development, OC Oerlikon, Switzerland
2009 – 2012	VP Human Resources / Learning & Development, SR Technics AG, Switzerland
2012 – 2014	VP Human Resources, Kaba Holding AG / Division ADS EMEA / AP, Switzerland
Since October 1, 2014	Head of Group Human Resources, Gurit

**Ernst Lutz**

General Manager BU Wind Materials  
 Ph.D. in Material Science, Virginia Tech, Blacksburg, VA, USA  
 MBA, University at Albany, NY, USA  
 M.S. in Mechanical Engineering, ETH, Zurich, Switzerland  
 Swiss Citizen, 1966

**Professional Background (Main Stages)**

1995 – 2011	various leadership roles in Business Development and Technology, RioTinto / Alcan / Alusuisse in CH/JP/CA/FR/CN
2011 – 2015	Chief Technology Officer, Sulzer, Winterthur, Switzerland
2015 – 2016	CEO, European Institute for Innovation and Technology (EIT), Raw Materials, Berlin, Germany
2016 – 2019	Member of the Executive Board, Business Development and Technology, Grundfos, Denmark
Since September 1, 2020	General Manager Wind Materials, Gurit

## Lance Hil

General Manager Marine & Industrial Materials  
MBA  
British citizen



### Professional Background (Main Stages)

1990 – 1996	Sales and Marketing Director RK Carbon Fibers Ltd, UK
1997 – 2001	Sales Director SGL Technic Inc, USA
2002 – 2009	Sales Director SGL Carbon Fibers Ltd, UK
2009 – 2012	Head of Sales Gurit Wind Energy, UK
2013 – 2020	Regional Sales Director Gurit USA Inc, USA
Since May 1, 2020	General Manager Business Unit Marine / Industrial Materials

## Michael Muser

General Manager Gurit Aero  
Dipl.-Ing (aer), Technical University Stuttgart  
German & US Citizen, 1973



### Professional Background (Main Stages)

2001 – 2008	Management positions with EADS in Germany
2009 – 2017	Head of Business Unit, Ingersoll Machine Tools, USA
2018	Head of Production Organisation, Dornier Seawings, Germany
Since January 1, 2019	General Manager Aero, Gurit

## Andreas Kipker

General Manager Gurit Kitting (JSB)  
Copenhagen Business School  
Danish Citizen, 1986



### Professional Background (Main Stages)

2008 – 2012	Business Controller, 7-Eleven Denmark
2013 – 2015	Finance Manager, JSB Group, Ringkøbing, Denmark
2016 – 2019	CFO, JSB Group, Ringkøbing, Denmark
Since Mai 1, 2020	General Manager, BU Kitting, Ringkøbing, Denmark

**Binjiang Chen**

General Manager Gurit Tooling

Ph.D. in Ceramic Science and Engineering, Alfred University, Alfred, NY, USA

M.S. in Materials Science, Changchun Inst. of Optics and Fine Mechanics, Changchun, China

US Citizen, 1961

**Professional Background (Main Stages)**

1998 – 2004	Various Management positions in USA and China at Philips Electronics
2004 – 2009	General Manager Metaldyne, Automotive Components Co. Ltd. Suzhou, China
2009 – 2011	General Manager and VP of Asia Pacific, VSG China, Dover Corp.
Since July 1, 2011	General Manager Gurit Tooling

**4.2 Statutory Number of Permitted Activities**

According to paragraph 27 of the Articles of Association, a member of the Executive Committee may hold

- a maximum of three mandates in listed legal entities outside the Gurit Group
- and a maximum of 10 mandates in non-listed legal entities outside the Gurit Group

provided that availability of time of the respective member permits such mandate and the Board of Directors has granted its prior consent thereto.

**4.3 Management Contracts**

No agreements pertaining to the provision of managerial services exist between Gurit Holding AG and other companies or natural persons outside the Gurit Group.

## 5. Compensation, Shareholdings, and Loans

### 5.1 Content and Method of Determining Compensation and Shareholdings

The information on compensation, shareholdings and loans regarding members of the Board of Directors and Group Management are presented in the Compensation Report as a separate chapter of this Annual Report on pages 40 to 52.

### 5.2 Statutory Provisions on Compensation, Shareholdings and Loans

The statutory provisions on compensation, shareholding and loans are outlined in the paragraphs 21, 22, 23, 25 and 28 of the Articles of Association, available on the Gurit website at:

[www.gurit.com/About/Corporate-Governance](http://www.gurit.com/About/Corporate-Governance)

### 5.3 Statutory Provisions on Compensation Vote by the General Meeting of Shareholders

The statutory provisions on the vote on pay at the general meeting of shareholders are outlined in paragraph 24 of the Articles of Association, available on the Gurit website at:

[www.gurit.com/About/Corporate-Governance](http://www.gurit.com/About/Corporate-Governance)

## 6. Shareholders' Participation Rights

Details of shareholders' participation rights can be found in the Articles of Association of Gurit Holding AG on the Gurit website at:

[www.gurit.com/About/Corporate-Governance](http://www.gurit.com/About/Corporate-Governance)

### 6.1 Voting Right Restrictions and Representation

The Articles of Association contain no restrictions on voting rights. Every registered or bearer share represented at the General Meeting is entitled to one vote. A shareholder may be represented at the General Meeting only by the independent proxy holder or by another shareholder attending the General Meeting.

### 6.2 Statutory Quorum

Unless otherwise determined by law or the Articles of Association, a General Meeting convened in accordance with the Articles of Association meets quorum regardless of the number of shareholders attending or the number of votes represented. To be valid, resolutions require an absolute majority of the votes submitted. In the event of a tie, the Chairman, who is always entitled to vote, makes the casting vote.

Important decisions of the General Meeting, as defined in article 704 paragraph 1 of the Swiss Code of Obligations, require at least two-thirds of the votes present and the absolute majority of the nominal value of the shares represented to pass.



### 6.3 Convocation of the General Meeting

The ordinary General Meeting takes place annually within six months of the end of the Company's fiscal year. Extraordinary General Meetings can be called by decision of the General Meeting, by the Board of Directors, at the request of the auditors or in the case that shareholders representing at least a tenth of the Company capital submit a request in writing, stating their purpose, to the Board of Directors.

The convocation is announced at least 20 days before the date of the meeting in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt). Registered shareholders are also informed in writing.

### 6.4 Agenda

The Articles of Association contain no regulations relating to agendas that differ from those set forth by the law. Accordingly, shareholders representing shares of a par value of CHF 1 million may request items to be included in the agenda.

### 6.5 Entries in the Share Register

The names and addresses of owners and beneficiaries of registered shares are entered in the share register. Shareholders and/or beneficiaries of registered shares are entitled to vote if they are already entered in the share register at the time when invitations are sent out to the General Meeting.

## 7. Changes of Control and Defense Measures

### 7.1 Public Purchase Offers

The threshold at which a shareholder is obliged to make an offer for all Gurit Holding AG's stock pursuant to the applicable provisions of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act, FMIA, Art. 135 para.1) is set to 49% of the total votes.

### 7.2 Clauses on Changes of Control

Gurit Holding AG has no agreements containing clauses of this type.

## 8. Auditors

### 8.1 Duration of Mandate and Lead Auditor's Term of Office

If its predecessors are included, PricewaterhouseCoopers AG, Zurich, has been Gurit Holding's statutory auditors since 1984 and Group auditors since 1994.

Rotation of the lead auditor is undertaken every seven years and corresponds to the maximum statutory period for rotation. Patrick Balkanyi has been the lead auditor from 2014 until 2020. A new lead auditor will take over in 2021.

### 8.2 Audit Fees

The total sum charged during the year under review by PricewaterhouseCoopers in its capacity as auditor amounted to CHF 512 839 (2019: CHF 509 961). Additional audit fees charged during the year by other audit firms amounted to CHF 54 241 (2019: CHF 67 305).

### 8.3 Additional Fees

Fees for additional services supplied by PricewaterhouseCoopers during the year under review amounted to CHF 70 107 (2019: 23 706). These fees in 2020 related mainly to internal audit support and tax advisory services. The additional fees represent 14% (2019: 5%) of the auditing fees.

Fees in CHF	2020	2019
PwC Audit fees	512 839	509 961
PwC Other services fees	70 107	23 706
<b>Total</b>	<b>582 946</b>	533 667

### 8.4 Information Instruments Pertaining to the External Auditors

The supervision and verification of the external audit is exercised by the Audit and Corporate Governance Committee. The Audit and Corporate Governance Committee, together with Group Management, evaluates the performance of the auditors and recommends the independent external auditor to the Board of Directors for election by the General Meeting of Shareholders. Rotation of the lead auditor is undertaken every seven years and corresponds to the maximum statutory period for rotation.

The Audit and Corporate Governance Committee approves the audit plans and meets at least once a year with the auditors. The auditors prepare a report for the Audit and Corporate Governance Committee regarding the findings of the audit, the financial statement and the internal control. In collaboration with Group Management, the independence of the auditors is evaluated annually. In particular and for this purpose, the worldwide fees of the audit are presented; discrepancies with the estimated costs are analysed and explained. In the year under review, the auditors participated in all of the three meetings of the Audit and Corporate Governance Committee.

## 9. Information Policy

Gurit Holding AG maintains regular contact with the financial community in general and with important investors. This abides with the legally prescribed principles of equal treatment of shareholders with regards to shareholder information. Relevant new facts are published openly and are available to all interested parties.

Gurit Holding AG provides its shareholders with information in the form of the Annual Report and a Half-Year Report. These documents are available on the Company website at:

[www.gurit.com/Investors/Reports](http://www.gurit.com/Investors/Reports)

Important events are published immediately through press releases and/or letters to shareholders (push). To register for the latest financial information from Gurit Holding AG distributed by email, signup is available at:

[www.gurit.com/Investors/News-Subscription](http://www.gurit.com/Investors/News-Subscription)

Shareholders and other interested parties can also obtain information about the Group on the Internet (pull) at

[www.gurit.com/Investors/Ad-hoc-Releases](http://www.gurit.com/Investors/Ad-hoc-Releases)

# Compensation Report

This report describes the principles, policies and practices as well as the governance and architectural framework of the compensation system for all employees and the members of the Board of Directors of Gurit. This report discloses information regarding variable, performance-based compensation and fixed, performance-independent compensation. It includes also the share participation schemes of the members of the Executive Committee and the members of the Board of Directors.

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➤ GRI 102-35	Remuneration policies
➤ GRI 102-36	Process for determining remuneration
➤ GRI 102-37	Stakeholders' involvement in remuneration

## 1. Compensation Philosophy

Gurit's compensation system is designed to align the interests of the Board of Directors, the Executive Committee, additional key managers and all other employees across the whole Group with the long-term goals of the Company and the interests of the shareholders. Gurit is a globally operating industrial group operating in a competitive marketplace. The compensation system is therefore intended to enhance Gurit's ability to recruit and retain a talented and performing workforce. The system also seeks to motivate Gurit employees at all levels to adopt an entrepreneurial stance; to strive for above-market-average performance, accountability and value creation; and to reward individuals according to pre-defined targets and objectives.

Gurit maintains a compensation system in accordance with the employment practices relevant in the various countries in which the Company operates. In the context of Gurit's compensation system, the total compensation for an individual employee generally reflects the required qualifications, the scope and complexity of a person's role, national legal requirements and employment conditions in the relevant countries, the overall business performance, and the person's individual performance.

Gurit is convinced that a well-balanced compensation system, which includes a sound mix of fixed elements as well as performance-related compensation, supports a sustainable business, employee loyalty and entrepreneurship.

## 2. Compensation Reporting Standards

Unless otherwise indicated, all information disclosed in this report refers to the fiscal year ending on December 31, 2020. This report follows article 13 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies and the Swiss Code of Best Practice

for Corporate Governance published by *economiesuisse*. It also complies with chapter 5 of the Annex to SIX Swiss Exchange's Directive on Information relating to Corporate Governance and the Swiss Code of Obligations. In addition, the compensation system is coherent with Gurit's Code of Conduct, which establishes comprehensive guidance of business principles applicable throughout the Group.

## 3. Compensation Governance

### Responsibilities of the Annual General Meeting of Shareholders

The Annual General Meeting approves all compensation paid to the members of the Board of Directors as a group prospectively for the period from the date of the ordinary Annual General Meeting until the next ordinary Annual General Meeting.

It furthermore approves the maximum fixed compensation paid to the members of the Executive Committee for the period from July 1 following the date of the ordinary Annual General Meeting to June 30 the year after, as well as the maximum variable compensation paid to the same employees for the period from January 1 to December 31 of the year in which the Annual General Meeting takes place (see graphic "Compensation Vote at the AGM").

### Responsibilities of the Board of Directors

The Board of Directors is ultimately responsible for the compensation system and the formulation of the proposals to the Annual General Meeting regarding compensation.

## Responsibilities of the Nomination and Compensation Committee (NCC)

The Nomination and Compensation Committee is responsible for the design and maintenance of the compensation systems for members of the Board of Directors, the Executive Committee and all other Gurit employees.

The Nomination and Compensation Committee proposes the fixed compensation (in cash, benefits and shares) for members of the Board of Directors, the CEO and the other members of the Executive Committee to the Board of Directors and the ordinary Annual General Meeting of Shareholders.

The Nomination and Compensation Committee reviews the allocation of shares to Gurit employees under the Share Participation Plan for Management.

The Nomination and Compensation Committee furthermore reviews the Executive Committee's proposals regarding Group- or Business-Unit-related performance objectives for the Group-wide bonus plan. It also reviews the resulting bonus payments within the limits approved by the ordinary Annual General Meeting of Shareholders, based on target achievement ratios as calculated by the CFO.

The Committee reserves the right to propose amendments to the Group or Business Unit performance targets and the required achievement levels to take major changes in the economic environment into consideration.

Furthermore, the Articles of Association define the additional responsibilities of the Nomination and Compensation Committee.

## Responsibilities of the CEO

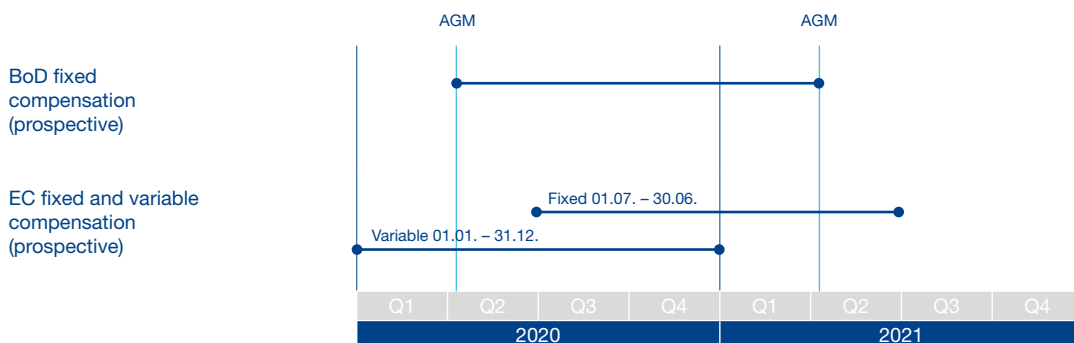
The CEO proposes the compensation for the members of the Executive Committee to the Nomination and Compensation Committee.

## Responsibilities of the Executive Compensation Committee

The Business Unit managers and the CEO approve the objectives of the Performance Incentive Schemes for production and sales employees and the evaluation of the achievement of these objectives.

Furthermore, the Executive Compensation Committee (ECC = CEO, CFO and Head of Group HR) proposes the Group or Business Unit performance-related objectives for the Performance Incentive Scheme for other employees to the Nomination and Compensation Committee.

## Compensation Vote at the AGM



The compensation governance can be summarised as shown in the table “Overview Compensation Governance”.

To ensure market competitive compensation, Gurit benchmarks the Board of Directors and the Executive Management compensation with 12 comparable Swiss-based industry companies also listed on the SIX Swiss Exchange's Swiss Performance Index (SPI).

Some of the companies included in the benchmark are: Rieter Holding AG, Burckhardt Compression AG; Feintool International Holding AG, Interroll Holding AG,

Huber & Suhner AG, Belimo Holding AG, Bossard Holding AG, CPH Chemie + Papier Holding AG, Kardex Holding AG, Komax Holding AG, Phoenix Mecano AG, Schweiter Technologies AG.

In addition, Gurit collaborates with an international consultancy firm which supports Gurit in benchmarking the compensation system and salary levels in comparison to industry standards relative to the respective countries, regions and skill levels. This collaboration aims to increase transparency, to ensure appropriateness of senior management compensation and to further improve the Company's career development paths.

## Overview Compensation Governance

Recipient	Compensation system design	Bonus plan objectives	Compensation proposal
Production employees	NCC BoD	Line Mgr BU Mgr and CEO	Line Mgr BU Mgr and CEO
Sales employees	NCC BoD	Line Mgr BU Mgr and CEO	Line Mgr BU Mgr ECC
Share Plan Participants	NCC BoD	NCC BoD	ECC NCC and BoD AGM for EC
Senior Management and other employees	NCC BoD	ECC NCC BoD	Line Mgr BU Mgr ECC
Members of the Executive Committee	NCC BoD	CEO NCC BoD	CEO NCC and BoD AGM
CEO	NCC BoD	NCC BoD	NCC BoD AGM
BoD members	NCC BoD	n.a.	NCC BoD AGM

Body which recommends

Body which decides (reviews EC relevant governance elements)

Body which approves

NCC = Nomination and Compensation Committee; BoD = Board of Directors; AGM = Annual General Meeting; EC = Executive Committee; ECC = Executive Compensation Committee (CEO, CFO and Group HR); Mgr = Managers

## 4. Compensation Policy and Key Elements

The total compensation for the majority of Gurit employees consists of a fixed salary component and a variable, performance-related bonus element. These two elements together form the target market salary for a given position.

### 4.1 Fixed Salary Components

The fixed compensation elements at Gurit consist of the following elements:

- Fixed cash compensation (base salary)
- Pension plans and social security cost according to the applicable jurisdiction of the respective employee
- Fringe benefits such as company car and parking allowances for certain employees
- A share-based compensation for the members of the Board of Directors. These shares are subject to a blocking period of three years from the date of the grant. During the blocking period the

members of the Board of Directors cannot sell the shares. The shares are considered at the value of the date they are granted.

The fixed cash compensation is reviewed annually, taking into account inflation and the situation of the employment markets in the countries where the respective employees are employed, as well as individual performance and changes in responsibilities.

### 4.2 Performance-Related Variable Salary Components

The performance-related variable compensation elements of Gurit's compensation system consist of the following:

- Performance-related cash payments as defined by Gurit's Performance Incentive Scheme
- Gurit's Share Participation Plan for Management (SPPM)
- In exceptional cases: limited individual bonuses for special achievements (not for the CEO or members of the Executive Committee)

	Board of Directors	Executive Committee	Senior Managers	Other employees	Sales	Production employees
Variable performance related salary components		Gurit Share Participation Plan (6)				
		Gurit Performance Incentive Scheme (5.3)			Gurit Sales Incentive Scheme (5.2)	Shop Floor Bonus (5.1)
		Fixed granted shares				
Fixed salary components	Fixed cash	Fixed cash (base salary)				



### 4.3 Changes to the Articles of Association

On April 15, 2020, the Annual General Meeting (AGM) approved the amendment of §§ 21, 23 and 24 of the Articles of Association with a clear majority. The changes include a cap of the success based remuneration, which for a member of the Executive Committee must not exceed 65% of total remuneration. The detailed wording of the changes to the three articles can be found in the Invitation to the Ordinary Annual General Meeting of Shareholders published on March 16, 2020.

## 5. Cash-Based Performance Incentive Schemes

Gurit's cash-based Performance Incentive Scheme defines performance-related payments and covers all Gurit employees. It is essentially made up of the following three elements:

### 5.1 Performance Incentive Scheme for Production Employees

As defined by the Performance Incentive Scheme, for those sites participating on the Gurit Shop Floor program for production employees (Shop Floor Bonus), the cash bonus of production staff can range from 0% to 5% of a person's fixed annual salary at target goal achievement. If the target is outperformed, it can reach a maximum of 8%. The objectives for this bonus are defined at site level by the site management and approved by the respective Business Unit manager and the CEO. The key performance indicators (KPI's) include objectives for health and safety, quality, productivity and individual attendance. The achievement of these objectives is assessed with all operations employees four times per year, or in certain cases monthly, and the bonus is generally paid on a quarterly basis, reflecting the need for operational flexibility. The bonus payments are calculated by the local site management and approved by the respective Business Unit manager and the CEO.

### Bonus categories

Recipient	Group financial goals	Business Unit or Sub-Unit financial goals	Subtotal of financial goals	Individual objectives	Total bonus
CEO	80%	–	80%	20%	100%
Business Unit / Sub-Unit Manager	50%	30%	80%	20%	100%
CFO & Corporate Functions	60%	–	60%	40%	100%
Business Unit Functions	30%	30%	60%	40%	100%

#### Corporate and BU functions with no direct reports

a) Corporate: Group Performance 100% / no individual bonus component

b) Business Unit: Group 30% / BU 70% / no individual bonus component

## 5.2 Performance Incentive Scheme for Sales Employees

As defined by the Performance Incentive Scheme for sales employees (Sales Incentive Scheme), the cash bonus of sales employees can range up to 50% of a person's fixed salary of which three-quarters are linked to the achievement of the sales budget and one-quarter to the achievement of individual qualitative objectives. The sales targets are defined in the context of the Group's budgeting process and are approved in their entirety as part of the Group's budget by the Executive Committee and the Board of Directors. The individual targets are set and evaluated by the line manager of the respective sales employee and approved by the Business Unit Head.

## 5.3 Performance Incentive Scheme for Other Employees

As defined by the Performance Incentive Scheme for those employees participating on the Gurit Performance Incentive Scheme, the cash bonus for all other employees consists of a general performance element related to the relevant Business Unit, Sub-Unit or the total Group plus an individual performance element.

The total bonus achievable for an employee under this scheme may vary between a maximum of 8% and a maximum of 100% of the respective fixed salary, depending on the employee's level of responsibility:

- CEO: up to 100% of the annual base salary
- Executive Committee members: up to 50% of the annual base salary
- Managers or senior staff members: up to 15% or 30% of the annual base salary, depending on the management level
- Other employees: up to 8% of the base salary.

### 5.3.1 Business Unit, Sub-Unit, and Group General Performance Bonus Component

The Business Unit, Sub-Unit, and Group general performance bonus goals are defined annually considering typically all of the following KPI's or the Operation

Profit only: 1) Net sales, 2) Operating profit and 3) Net working capital per Business Unit/Sub-Unit or Group.

The respective minimum objective levels, target levels and cap levels are proposed by the ECC, reviewed by the Nomination and Compensation Committee and approved by the Board of Directors.

At the end of the fiscal year, the Business Unit, Sub-Unit, and Group general performance bonus achievements are calculated by the CFO and proposed by the Nomination and Compensation Committee for approval to the Board of Directors. Bonus payment starts with the achievement of the minimum objective level, increases linearly to a 66.7% payout (of the maximum bonus) at achievement of the target level and then rises again linearly up to the maximum payout at achievement of the cap level. During the year 2020, the minimum levels of objectives achievement were in general between 10% and 20% below the target levels, and the cap levels exceeded the target levels of objectives achievement in general by between 10% and 20%. No bonus is paid if the minimum objective level has not been achieved.

### 5.3.2 Individual Bonus Component

The fulfillment level of the individual and/or factory-related objectives are assessed on an annual basis by the line manager for each person, based on objectives and targets defined in the first quarter of each business year. The individual bonus element represents between 20% to 40% of the total maximum bonus as shown in the table "Summary Bonus Components".

Bonuses under the Performance Incentive Scheme are paid out, directly after publication of the annual results.

### 5.3.3 Limited Individual Bonus for Special Achievements

In exceptional cases some limited, individual bonuses for special achievements may be granted. Upon proposal by the respective superior, the ECC may approve the granting of such special bonuses. Such limited, individual bonuses may not be granted to the CEO and the other members of the Executive Committee.

## 6. Share-Based Compensation for Selected Categories of Management

The Group's Share Participation Plan for Management (SPPM) aims at providing to the Executive Committee and the next level of management a part of their performance-related compensation in form of Gurit bearer shares to build their long-term commitment to Gurit and to align their interests with the interests of Gurit shareholders. The share-based compensation amount of the various management levels is determined every year by the Nomination and Compensation Committee and approved by the Board of Directors. It does not form part of the employment contract. The shares granted under this plan are blocked for a period of three years, during which the employee cannot sell the shares.

Shares granted under this plan form part of the variable compensation, as the amount of shares granted is subject to the achievement of the following main performance criteria:

- a) Market environment, includes:
  - Market demand development
  - Competitive situation
  - Main cost factor impacts
  - Statutory environment
  - Currency swings
- b) Strategy deployment, includes:
  - Group strategy deployment and achievement
- c) Prospective cash development and financial results relative to competition:
  - Prospective cash development
  - Results in perspective to competition

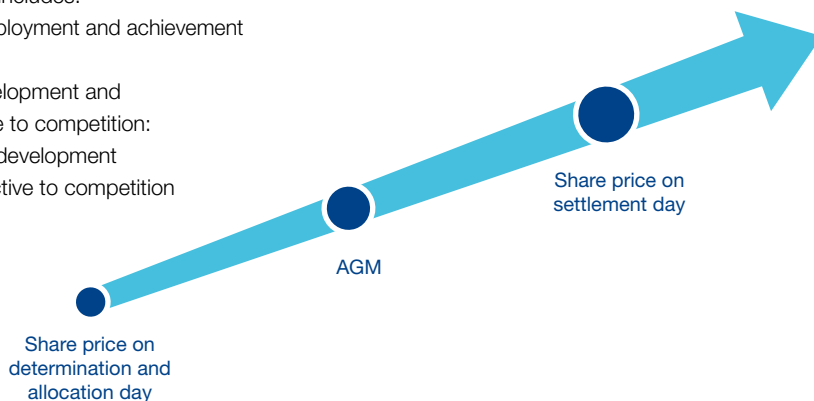
The level to which these criteria are achieved is assessed early in the year following the year under review by the Nomination and Compensation Committee. Depending on the level of achievement, the number of shares granted varies between 50% and 150% of the target number of shares fixed for each level of management as follows:

Share-based compensation at 100% target achievement:

- CEO: 300 shares
- Executive Committee members: 50 shares
- Managers or senior staff members: between 10 and 50 shares, depending on the management level.

The shares are blocked for a period of three years and are transferred to the share plan participants some 5-10 days after the Annual General Meeting of Shareholders. Therefore, the closing price on the day on which the shares are actually transferred might vary from the closing price on the day (allocation day) on which the total number of shares was determined and allocated by the Nomination and Compensation Committee and approved by the Board of Directors. This might deviate from the maximum amount of share-based compensation if the share price has increased in the period between these dates.

### Potential Deviation in Share Closing Prices:



## 7. Compensation for Members of the Executive Committee and the Board of Directors

### 7.1 CEO

The fixed compensation for the CEO (base salary) is based on what the Nomination and Compensation Committee assessed and benchmarked as the industry standard for comparable, listed Swiss industrial companies of a similar size in terms of net sales (around CHF 500 million) and complexity, based on the Nomination and Compensation Committee's members' experience as well as on collaboration with an international consultancy company which supports Gurit in benchmark compensation and salary levels (as indicated on page 43).

The CEO benefits from a pension scheme of which half of the premiums are financed by him/her. The part financed by Gurit is disclosed as part of the other compensation in article 8 of this report.

The CEO is entitled to performance-related cash compensation according to the Performance Incentive Scheme described above. He is entitled to a performance-related cash bonus payment of a maximum of 100% of his base salary. 20% of the performance-related bonus depends on the achievement of individual targets set by the Nomination and Compensation Committee and approved by the Board of Directors. The remaining 80% depends on the achievement of the general Group Performance Bonus component.

The CEO is entitled to receive shares as part of the Group's Share Participation Plan for Management (SPPM). The amount of shares granted will vary between 0 and 450 shares per annum. The total variable compensation (shares and cash bonus) is capped and not to exceed 65% of the CEO's total compensation.

### 7.2 Other Members of the Executive Committee

The fixed compensation for the other members of the Executive Committee (base salary) is based on the market and employment conditions in the relevant country as gathered from various sources; it also reflects the individual qualifications and requirements needed for the specific position.

A supplementary pension scheme exists for certain members of the Executive Committee according to the practices of the countries in which the person is employed. Half of the pension premiums are financed by the members themselves. The part financed by Gurit is disclosed as part of the other compensation in article 8 of this report.

The other members of the Executive Committee are also entitled to shares granted according to the Group's Share Participation Plan for Management (SPPM). The granting of such shares is subject to certain performance criteria as described above under article 6 and is considered part of the variable compensation. The annual amount of shares granted varies between 0 and 75 shares per annum.

The other members of the Executive Committee are furthermore entitled to a performance-related cash compensation based on the Performance Incentive Scheme described above. As such, they are entitled to a performance-related cash bonus of a maximum of 50% of their base salary. 20% to 40% of their bonus depends on the achievement of individual targets set by the CEO, reviewed by the Nomination and Compensation Committee and approved by the Board of Directors. The remaining 60% to 80% depend on the achievement of the Business Unit and Group bonus components. The total variable compensation for other members of the Executive Committee (shares and cash bonus) is capped at 65% of the total compensation.

### 7.3 Members of the Board of Directors

The fixed compensation for the members of the Board of Directors is based on what has been assessed by the Nomination and Compensation Committee as the industry standard for comparable, listed Swiss industrial companies of a similar size in terms of net sales (around CHF 500 million) and complexity, based on the Nomination and Compensation Committee's members' experience. It includes an element of fixed cash compensation and an element of fixed share-based compensation (as indicated on pp. 50).

A performance-based incentive scheme does not exist for the members of the Board of Directors.

## 8. Management Compensation 2020/2019

The following tables show the compensation for the Board of Directors and the Executive Committee in 2020 and 2019. Fixed other compensation includes pension contributions and social benefits relating to the fixed compensation. Variable compensation contains the accrued variable compensation (including related accrued social benefits), which are paid out in the calendar year following the calendar year under review.

The amount of the share-based compensation for 2020 was calculated based on a share price of CHF 2633 per share. This corresponds to the average closing share price in January 2021. Due to the share price fluctuation, the effective settlement value may be higher or lower on the settlement date in April 2021. In 2019, the share-based compensation was calculated based on a share price of CHF 1 595, based on the average closing share price of the five days actual stock price trading before the date of the NCC meeting on February 17, 2020.

The **Total Management Compensation 2020** compared to 2019 is disclosed on page 50. It highlights a 14% higher Total Management Compensation of the Board of Directors and Management in 2020 versus 2019. The 2020 variable cash compensation for the Management was 28% lower than in 2019. A significant increase in Management and Board compensation in 2020 versus 2019 resulted from the strong and positive share price increase of shares granted to the Board of Directors and the Management.

The achievement of the variable cash bonus **financial objectives** in 2020 was negatively affected by the COVID-19 impact, which hurt the net sales performance versus the objectives set – especially in the Aerospace business, the Marine and Industrial business but also pandemic caused supply chain disruptions in the Wind Energy business of Gurit. The strengthening of the Swiss Franc in 2020, especially versus the US Dollar, had an additional negative impact on the sales goal achievement which is measured in reported Swiss Francs. The achievement of the operating profit and net working capital objectives, both measured as a percentage of sales achieved, was very positive in 2020 and represents a major achievement of the Group in a difficult year 2020. In summary the bonus achievement on the financial objectives was markedly lower than in 2019 for the total Management.

The 2020 individual targets achievement level of in average 70% was slightly lower than in 2019.

Therefore, the **Variable cash Compensation** (financial and individual objectives achievement combined) was lower by 28% in 2020 as compared to 2019.

The number of shares effectively allotted annually (number of target shares multiplied by a factor between 0.0 and 1.5) is determined by the Board of Directors and is driven by the long-term business success, which is assessed based on the criteria "market environment", "strategy implementation" and "financial situation". The individual share factors varied between 1 and 1.25,

## Management Compensation 2020/2019

In CHF 1000	2020					
	Fixed cash compensation	Fixed share-based compensation	Fixed other compensation	Variable cash compensation	Variable share-based compensation	Total compensation
<b>Board of Directors</b>						
Peter Leupp (Chairman)	250	132	–	–	–	382
Stefan Breitenstein (member)	80	66	–	–	–	146
Bettina Gerharz-Kalte (member)	80	66	–	–	–	146
Nick Huber (member)	80	66	18	–	–	164
Urs Kaufmann (member)	80	66	18	–	–	164
Philippe Royer (member)	80	66	18	–	–	164
<b>Total Board of Directors</b>	<b>650</b>	<b>462</b>	<b>54</b>	<b>–</b>	<b>–</b>	<b>1 166</b>
	55%	40%	5%	0%	0%	100%
<b>Executive Committee*</b>						
Rudolf Hadorn (CEO)	680	–	151	403	763	1 997
Other members	1 903	–	351	469	1 062	3 785
<b>Total Executive Committee</b>	<b>2 583</b>	<b>–</b>	<b>502</b>	<b>872</b>	<b>1 825</b>	<b>5 782</b>
	45%	0%	9%	15%	31%	100%
<b>Total Management compensation</b>	<b>3 233</b>	<b>462</b>	<b>556</b>	<b>872</b>	<b>1 825</b>	<b>6 948</b>
	46%	7%	8%	13%	26%	100%

\* The annual average number of Executive Committee Members in 2020 was 8.5

influenced mainly by the different situations in the target markets. The number of shares allocated to the CEO was slightly reduced due to reaching the defined cap of the personal compensation. The marked increase in Management and Board of Directors compensation in 2020 was driven by the significant value increase of the Gurit shares.

In 2020, the total performance-related compensation for the members of the Executive Committee varied from 5% to 58% (2019: 13% to 50%) of the individual total compensation.

A former Executive Committee member received his normal salary during four months for his continued em-

ployment services after his resignation from the committee. Apart from this, there was no remuneration paid to former members of governing bodies during the year under review. Gurit does not pay any exit bonuses or make any severance payments. There were no transactions with current or former members of the Board of Directors or the Executive Committee (or parties closely linked to them) at conditions that were not at arm's length.

No loans, securities, advances, or credits were granted to members of the Board of Directors or the Executive Committee (or parties closely linked to them). There are no options issued on Gurit bearer shares on December 31, 2020, in the context of a participation program.

In CHF 1000							2019
	Fixed cash compensation	Fixed share-based compensation	Fixed other compensation	Variable cash compensation	Variable share-based compensation	Total compensation	
<b>Board of Directors</b>							
Peter Leupp (Chairman)	250	80	–	–	–	330	
Stefan Breitenstein (member)	80	40	–	–	–	120	
Bettina Gerharz-Kalte (member)	80	40	14	–	–	134	
Nick Huber (member)	80	40	14	–	–	134	
Urs Kaufmann (member)	80	40	14	–	–	134	
Philippe Royer (member)	80	40	14	–	–	134	
<b>Total Board of Directors</b>	<b>650</b>	<b>280</b>	<b>56</b>	<b>–</b>	<b>–</b>	<b>986</b>	
	66%	28%	6%	0%	0%	100%	
<b>Executive Committee*</b>							
Rudolf Hadorn (CEO)	630	–	140	507	263	1 540	
Other members	1 791	–	521	710	530	3 552	
<b>Total Executive Committee</b>	<b>2 421</b>	<b>–</b>	<b>661</b>	<b>1 217</b>	<b>793</b>	<b>5 092</b>	
	47%	0%	13%	24%	16%	100%	
<b>Total Management compensation</b>	<b>3 071</b>	<b>280</b>	<b>717</b>	<b>1 217</b>	<b>793</b>	<b>6 078</b>	
	50%	5%	12%	20%	13%	100%	

\* The annual average number of Executive Committee Members in 2019 was 7.5

## 9. Management Compensation Compared to Amounts Approved by the Annual General Meeting

The below table provides a comparison of the actual compensation amounts in the reporting year to the respective amounts approved by the Annual General Meeting.

	Fixed compensation Board of Directors April 16, 2020 - April 14, 2021		Fixed compensation Executive Committee July 1, 2019 - June 30, 2020		Variable compensation Executive Committee January 1, 2020 - December 31, 2020	
	Approved Maximum	Actual	Approved Maximum	Actual	Approved Maximum	Actual
Cash, in CHF 1000	650	650	2 708	2 446	1 635	800
Number of shares	175	175	–	–	790	633
Shares value at current price in CHF 1000	462	462	–	–	2 080	1 667
Social security and pension in CHF 1000	56	54	542	468	258	230
<b>Total</b>	<b>1 168</b>	<b>1 166</b>	<b>3 250</b>	<b>2 914</b>	<b>3 973</b>	<b>2 697</b>



## Report of the Statutory Auditor to the General Meeting of Gurit Holding AG Wattwil

We have audited the accompanying compensation report of Gurit Holding AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labelled 'audited' on pages 50 to 52 of the compensation report.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

### Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material mis-statements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the compensation report of Gurit Holding AG for the year ended 31 December 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Patrick Balkanyi  
Audit expert  
Auditor in charge



Corinne Lüthy  
Audit expert



Zurich, February 26, 2021

# Sustainability Report

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This is an extract of the Gurit Annual Report 2020.  
Therefore the original page numbers are left unchanged.





Foreword by  
**Mitja Schulz**  
CEO

## Towards a carbon-neutral Gurit

Gurit has an inspirational story and is strongly positioned to serve our global customers in a responsible way. This was something that immediately became apparent to me when I started as CEO of Gurit in January 2021. *"With passion for a sustainable future"*, our company vision, is not only words to us; it is something we use as a guiding principle in everything we do. Today, well over three-quarters of our business is fully dedicated to renewable energy. Sustainable business is and will remain our strong focus. As a system partner for the global wind energy industry, we can continue to serve

our ethical purpose while contributing to sustainable growth in this market, thereby increasing the renewable energy generation in the world. As experts on high-performance materials and engineering within the lightweighting sector, we facilitate innovative and energy-efficient solutions for rail, marine and aerospace as well as other industries. The concept of sustainable business at Gurit also means a culture of respect, fostering diversity, transparent employee communication and a strong focus on the development of our people. This is our passion!

### **Safety First – building a strong safety culture**

Safety First is one of Gurit's core values and something that we are working on every day. The health and safety of our employees, customers and suppliers always comes first! In 2020, our Safety First initiative was launched and a tremendous amount of work was done to embed safety as an essential part of our company culture. One major initiative was improving the safety of the work environments at all our sites. Employee involvement is a key factor required to reach the ambitious targets we have set for ourselves.

**We are proud to announce that Gurit will reach carbon neutrality in 2021** for the emissions we can directly influence and control. As we all know, curbing humanity's greenhouse gas emissions is a pressing environmental challenge that demands swift and efficient actions. During 2020, our teams worked hard to assess our global footprint on greenhouse gas emissions for the first time. We will now use this assessment as a basis to define purposeful measures to drive future action. We want to and must take responsibility for our emissions, and will avoid and reduce greenhouse gas emissions wherever we can. As first steps, in 2021 we will source all our electrical power from 100% renewable sources and will compensate for our direct and part of our indirect emissions by financing a carbon avoidance project: a windfarm in India that replaces a fossil fuel power plant. Reaching climate neutrality is imperative for us in our mission to be a successful sustainable business.

In February 2021, Gurit was included in the SIX Swiss Exchanges' new ESG indexes "SPI ESG" and "SPI ESG Weighted". We are proud of this recognition of our ongoing sustainability efforts and see this as an encouragement to continue our journey.

### **Support of the Ten Principles of the United Nations Global Compact**

I am pleased to confirm that Gurit reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. Our annual communication on progress is part of this 2020 Gurit Sustainability Report in which we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We invite our stakeholders to join us on our sustainability journey and we thank our employees and corporate partners for participating in this effort with us.

Yours sincerely,

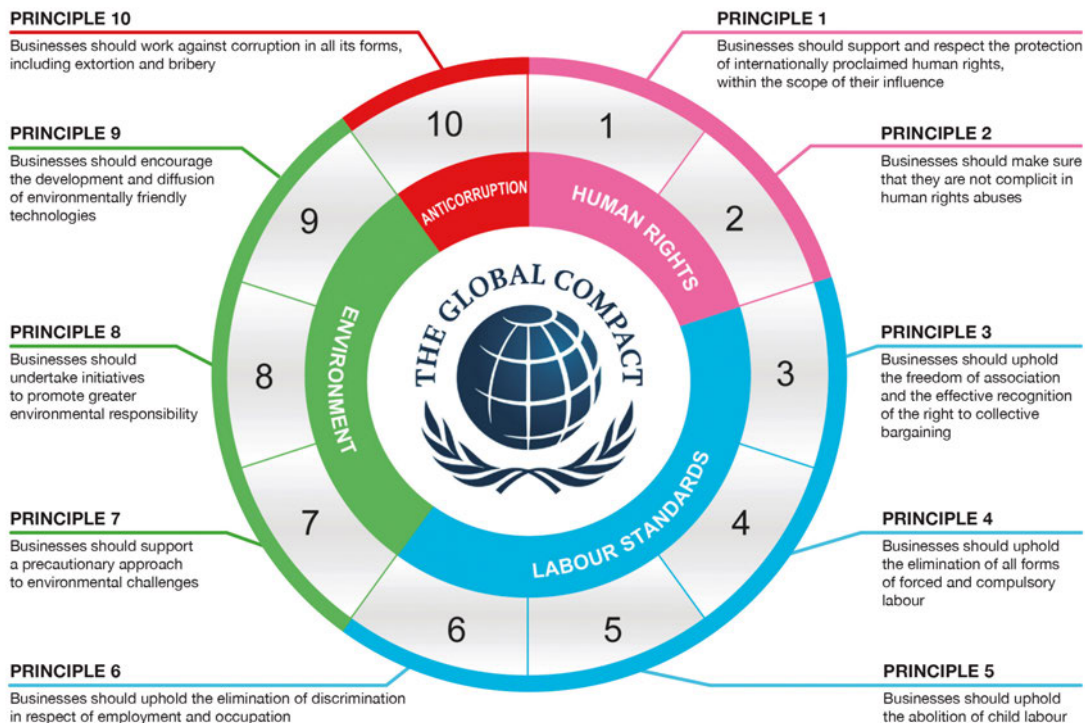


Mitja Schulz,  
CEO

Zurich, February 2021



# UN Global Compact: communication on progress



Gurit's communication on progress 2020		Gurit's objectives for 2021
<b>HUMAN RIGHTS</b>		
1 Support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> <li>Inclusion in terms &amp; conditions, contractual agreements</li> <li>Mandatory online trainings as part of Code of Conduct</li> </ul>	<p>A <b>safety initiative</b> was rolled out at all sites in 2020, implementing a safety culture, providing workers with a safe and healthy workplace. "Safety First" was adopted as a company core value. <b>Read more in the Gurit Sustainability Report 2020, p. 68-79.</b> The initiative further improved the working facilities and raised awareness for all aspects of health and safety. Gurit undertakes to protect workers from workplace harassment, including physical, verbal, sexual or psychological harassment, abuse or threats.</p> <p>In December 2020, Gurit adopted a Sustainability Policy, comprising a social policy statement emphasizing our continuous efforts towards the UNGC principles.</p> <ul style="list-style-type: none"> <li>Procurement Standards &amp; Training</li> <li>Internal Audit Checklist</li> <li>Internal Awareness Training for Senior Managers</li> </ul>
2 No complicity in human rights abuses	<ul style="list-style-type: none"> <li>Awareness raising and monitoring by Global Procurement Team</li> </ul>	

	<b>Gurit's communication on progress 2020</b>		<b>Gurit's objectives for 2021</b>
<b>LABOUR STANDARDS</b>			
<b>3</b> Uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> <li>Monitoring for potential complaints</li> </ul>	Gurit Management members ensure to the best of their knowledge that the company does not participate in any form of forced or bonded labour. Gurit has a zero-tolerance approach to modern slavery and human trafficking. All Management levels, as well as the Human Resources and Procurement departments monitor the situation, communicate these principles, and uphold a safe and fair working environment. Dedicated Human Resources staff at Corporate, Business Unit and Site level benchmark open positions against a competitive labour market and comply with minimum wage standards. The Human Resources organisation within Gurit ensures that employment-related decisions are made transparent and are based on relevant and objective criteria.	<ul style="list-style-type: none"> <li>Procurement Standards &amp; Training</li> <li>Internal Audit Checklist</li> <li>Internal Awareness Training for Senior Managers</li> </ul>
<b>4</b> Elimination of all forms of forced and compulsory labour	<ul style="list-style-type: none"> <li>Public commitment</li> <li>Consideration during due diligence processes</li> </ul>		
<b>5</b> Effective abolition of child labour	<ul style="list-style-type: none"> <li>Inclusion in terms &amp; conditions, contractual agreements</li> <li>Monitoring by Global Procurement</li> </ul>		
<b>6</b> Elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> <li>HR Benchmarking study on Equality and Diversity</li> </ul>		<ul style="list-style-type: none"> <li>Monitoring &amp; Benchmarking</li> </ul>
<b>ENVIRONMENT</b>			
<b>7</b> Precautionary approach to environmental challenges	<ul style="list-style-type: none"> <li>Public commitment to UNGC</li> <li>Voluntary commitment to becoming climate neutral</li> <li>Assessment of carbon footprint</li> </ul>	In 2020, Gurit assessed its greenhouse gas footprint, with the objective of achieving carbon neutrality and reducing environmental impacts to a minimum. As a first step, Gurit has decided to source its entire electricity consumption from renewable power generation sources and will offset its scope 1, 2 and part of scope 3 emissions by financing a carbon avoidance project, a wind farm in India.	<ul style="list-style-type: none"> <li>Climate neutrality in 2021 for GHG scope 1, 2 and partial scope 3</li> </ul>
<b>8</b> Undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> <li>Initial GHG accounting</li> <li>Climate neutrality strategy</li> <li>Green chemistry: progress on reducing/eliminating REACH and CVHC chemicals</li> <li>Sustainable product panel</li> <li>Co-location and sustainable core materials strategy</li> </ul>	As part of its new Sustainability Policy, in 2021 Gurit will set up workstreams that analyse our operations and draft action plans. Further strategic initiatives have been set up regarding the use of recycled materials for the structural PET foam product range, including a co-location strategy that allows the reduction of transportation and further increases the use of recycled PET waste from kitting operations by locating them adjacent to PET extruder operations and in proximity to regional wind production clusters. Gurit is committed to using safer chemicals, and has embarked upon a conversion to bio-based chemicals.	<ul style="list-style-type: none"> <li>Greenhouse Gas (GHG) footprint monitoring &amp; improvement</li> <li>Use of recycled raw material and further implement co-location strategy to prevent and recycle waste</li> <li>Green chemistry targets</li> <li>Dedicated workstreams</li> </ul>
<b>9</b> Encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> <li>Innovation in new extruders; Thermoset replaced by recyclable thermoplastics.</li> <li>Efficient tooling automation</li> <li>Optimisation of kitting production process</li> </ul>		<ul style="list-style-type: none"> <li>Continue to replace CVHC with safer alternatives and achieve REACH targets</li> <li>Use of bio-based chemistry</li> </ul>
<b>ANTI-CORRUPTION</b>			
<b>10</b> Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Whistleblowing: no reports 2020</li> </ul>	Gurit assesses the risk of corruption and avoids entering business relationships where the risk of corruption is high. Where applicable, Gurit notes its commitment to "anti-corruption" in contracts with business partners by referring to the Gurit Code of Conduct. Periodic Internal Audit checks also monitor suspicious transactions.	<ul style="list-style-type: none"> <li>Internal Audit Checklist</li> <li>Procurement Standards</li> </ul>



# Our sustainability target

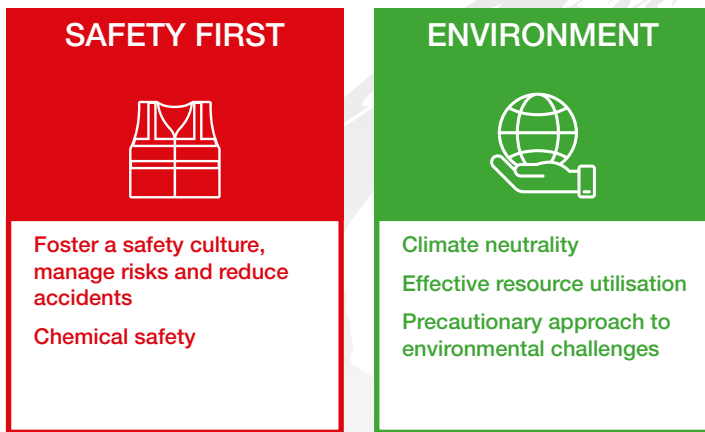
We want to achieve climate neutrality in 2021 primarily through operative measures and resourceful support of compensation projects.





# Sustainable Gurit: five pillars

In December 2020, Gurit adopted a new Sustainability Policy that will be rolled out during 2021. It has assigned responsibilities within the organisation and defined five pillars and related workstreams. For more details, see our webpage [www.gurit.com/sustainability](http://www.gurit.com/sustainability)



## Workstreams (Responsible)

**Safety**  
(CHRO)

**Climate neutrality**  
(CEO)

**Resource utilisation**  
Recycling, Waste, Water,  
Effluents, Green chemistry,  
Energy consumption  
(BU GM)

**End of Life**  
Recyclability  
(BU GM)

## VISION, MISSION AND VALUES

## SOCIAL RESPONSIBILITY



### Equality & Diversity

Human Rights,  
No child labour,  
No forced labour

Be a good corporate citizen  
in our local communities

## GOOD GOVERNANCE



### Code of Conduct

Best practice Corporate  
Governance

Strictly apply anti-corruption  
& bribery policies

## ECONOMIC PERFORMANCE



Sustainable economic  
performance

Risk Management

Quality

Innovation

**Equality & Diversity**  
(CHRO)

**Responsible supply chain**  
(BU GM)

**Local community**  
(Site Manager)

**Code of Conduct**  
(Chairman AC)

**Corporate Governance**  
(BoD)

**Anti-corruption & bribery**  
(CEO / Chairman AC)

**Financial performance**  
**Risk Management**  
(CEO/CFO)

**Quality**  
(BU GM)

**Innovation**  
(BU GM / CTO)

AC: Audit Committee; BoD: Board of Directors; CEO: Chief Executive Officer; CFO: Chief Financial Officer ;  
CHRO: Chief Human Resources Officer; BU GM: Business Unit General Manager; CTO: Chief Technology Officer

## Guiding principles

### Our vision

**With passion for a sustainable future**

### Our target

**We want to achieve climate neutrality in 2021 primarily through operative measures and resourceful support of compensation projects.**



## Further commitments

- **Compliance:** We comply with laws and regulations and are committed to the principles of the UN Global Compact.
- **Safety first:** We want to reduce accidents in the workplace by 50% in the 2020 – 2023 period.
- **Innovation:** We foster the use of clean technologies.
- We apply a precautionary approach to environmental challenges.
- **Effective resource utilisation:** We minimise waste, increase recycling; we also minimise the use of natural resources and reduce emissions.
- **Accountability:** We set clear targets and report achievements in our annual Sustainability Report.

## Gurit at a glance

### Markets served



578.8

million CHF

**Net sales**

**Over 825 million  
recycled bottles**



**(or 9 900 tonnes of PET)  
used for core materials  
production**

29

**Locations  
worldwide**

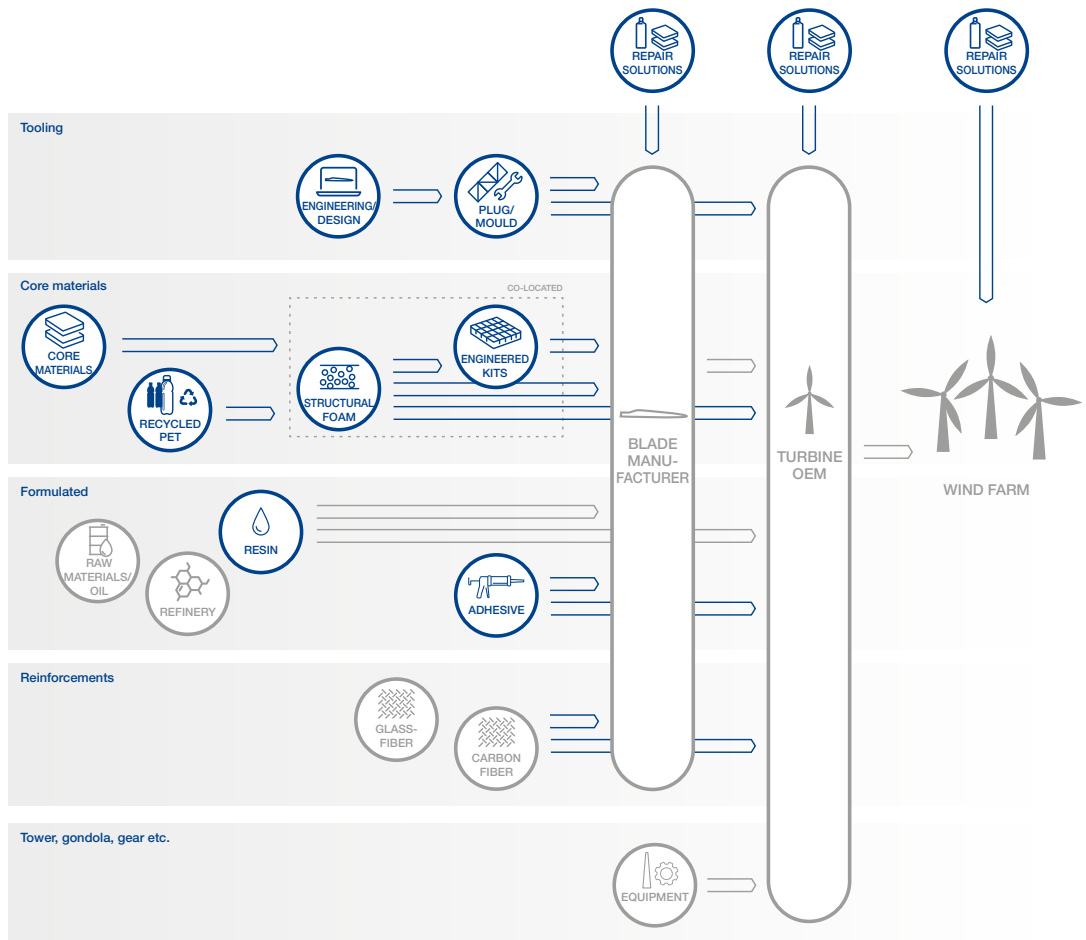
**Americas, Asia-Pacific,  
Europe**

Gurit operates production sites and offices in Australia, Canada, China, Denmark, Ecuador, Germany, India, Indonesia, Italy, Mexico, New Zealand, Poland, Spain, Switzerland, Turkey, United Kingdom and the United States.



Gurit Holding AG is headquartered in Switzerland and listed on the Swiss stock exchange. Its subsidiaries are specialised in the development and manufacture of advanced composite materials, tooling for wind turbine blades as well as kitting services. The product range comprises structural core materials, fibre reinforced prepreps, formulated products as well as structural composite engineering. Gurit serves the global wind turbine industry as well as the aerospace, marine, rail and many other industries.


## Gurit's value chain for the wind market



## Safety first







**Priority:** Safety is our first priority. The health and safety of our employees, customers and suppliers must never be compromised.

**Ambition:** We want to eliminate work related accidents, injuries and illnesses and we are driven by a zero-accident vision.

**Implementation:** Our Incident Investigation & Reporting and Safety Walk standards improve safety in our operations.

**Culture:** We take a holistic approach to safety and work hard to foster a sustainable and permanent safety culture in everything we do.

**Certification:** We will certify all our production sites with the ISO Standard for occupational health and safety by 2022.

# Safety first

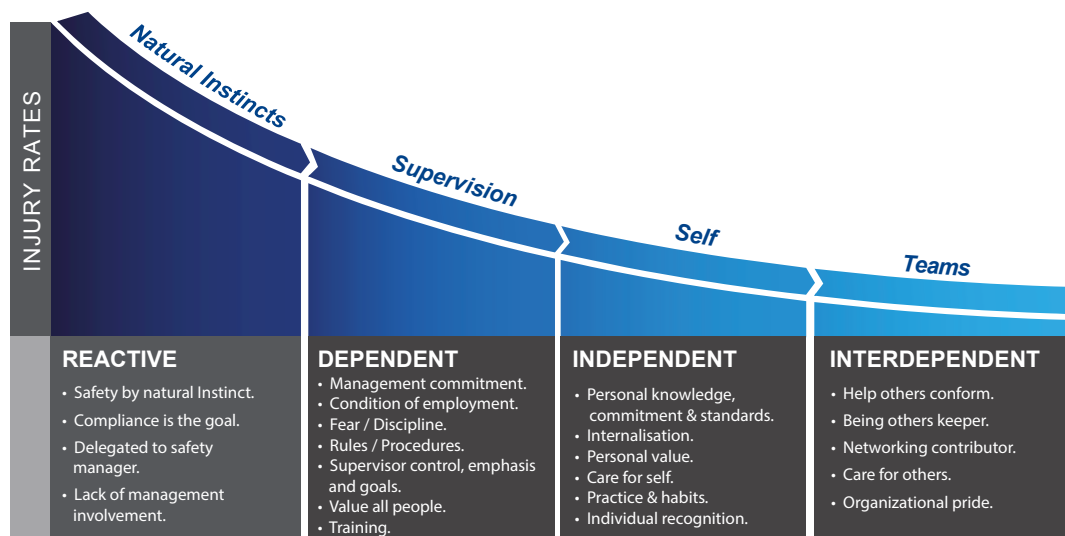
## Occupational Health and Safety

In January 2020, Gurit enhanced its commitment to its employees with the introduction of a new “Safety First” occupational health and safety initiative. This endeavour was undertaken after Group Senior Management held its annual meeting and determined it to be one of its top priorities.

During the year, this program was introduced across all sites and operations, following the creation of a new internal safety organisational structure and with the support of an external consultant. This new thorough structure includes a Safety First Core team, site Safety Managers, Operations, and Maintenance. By including members representing different parts of the organisation, a variety of issues and aspects are brought to the table which increases relevance of measures designed. The structure has attained buy-in and participation among employees worldwide.

### Objectives and ambitions

- **Ambition:** zero work-related injuries and illnesses. Prevent, limit or mitigate harm, notably workplace injuries. Protect our employees’ and customers’ health. Target: reduce accidents in the workplace by 50% within three years (2020-2022), or by 17% per year.
- Provide our customers with products complying with best-in-class health & safety.
- Promote the **safe use of products** by our customers as well as within our operations.
- **Training:** ensure a high level of know-how and skills as a foundation for a Safety First culture.
- **Improve processes,** manage risks, report and follow up all work-related incidents/illnesses, raise awareness for health and safety as well as productivity benefits in the long run.
- Phase out various chemicals of concern (SVHC) by 2022.



The Bradley Curve © 2020 DSS Sustainable Solutions. All rights reserved.

### Situation analysis: internal perception of safety

At the start of the Safety First initiative, a safety perception survey was conducted amongst all employees at all sites. The survey was translated into different local languages and made available electronically as well as on paper for shopfloor workers without a company e-mail account. 24 core questions were asked to gauge the level of understanding of the safety perception at all sites and to create a baseline for the intended cultural transformation process. More importantly, all employees got involved and interactively engaged from the very beginning. A specialised external consultant, DSS DuPont Sustainable Solutions supported Gurit with this process. Using the DuPont Bradley Curve™ the subjective perception of all participating staff members has been analysed and initial focus areas for priority action have been identified.

➤ GRI 403-4 Worker participation, consultation, and communication on occupational health and safety

The DuPont Bradley Curve™ was used by DSS consultants to comprehend and benchmark Gurit's safety performance and to better understand the effectiveness of a successful safety culture from an early stage through maturity which is sustainable with the ambition for injury rates near zero.

### Processes and systems introduced

Gurit has built up a comprehensive occupational health and safety management system covering all sites of the Group. Besides the standards described below, a dedicated health and safety organisational structure has been set up, with defined responsibilities at Group, Business Unit and Site level. These responsibilities are complemented with dedicated health & safety officers at site level, an extensive training program and a monthly tracking and review at monthly Business Unit and Executive Committee meetings of defined KPI on accidents and incidents (LTAR, LTIR). The implementation followed the company's own internal ambitions described above and the implementation has been aligned with recognised standards and supported by a specialised external consultant, DSS DuPont Sustainable Solutions in the period of November 2019 until December 2020.

➤ GRI 403-1 Occupational health and safety management system

*“A successful safety culture empowers people, while improving quality, productivity and profits. In a mature safety culture, the so called “interdependent stage”, safety is truly sustainable, with injury rates approaching zero. People feel empowered to act as needed to work safely. They support and challenge each other. The organisation realises significant business benefits through higher quality, greater productivity and increased profits.”*

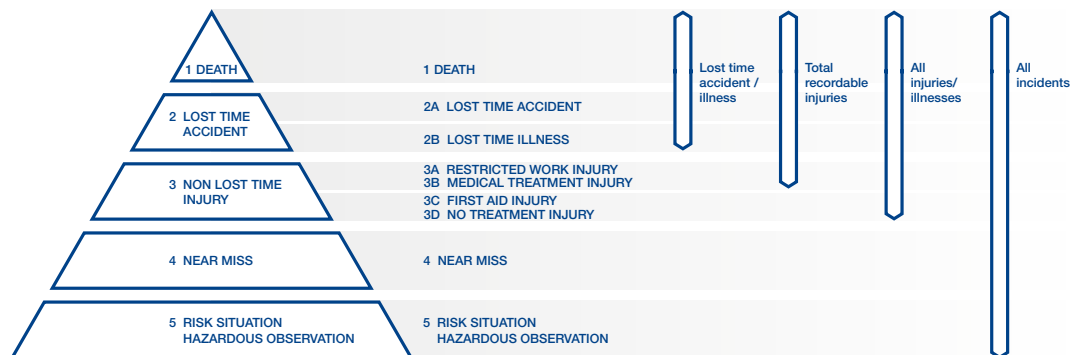
**Jörg Bremer**

Market Leader D/A/CH, DuPont Sustainable Solutions



## The Safety Pyramid

As a further step, Gurit has introduced the Safety Pyramid as a means to reduce accidents at the workplace. The base of the pyramid, and keystone to the Safety First trainings, is the observation of risks and hazards. Systematically looking for potential dangers in operations and workplace procedures is a first step to reduce serious injuries. This involves systematic reviews of the workplace and analysis of lost-time injury data.



Gurit Safety Pyramid

By ingraining the evaluation of hazardous situations into the habits of all employees, the Safety Pyramid becomes a self-supporting tool that may help to reduce near-misses and minor injuries, and then proportionally reduce severe injuries and deaths.

## Incident Investigation & Reporting

The Incident Investigation & Reporting Standard, developed and rolled out in 2020, provides requirements and guidance for a systematic, in-depth approach to health and safety (H&S) incident investigations. This standard focuses especially on practical implementation and enhancement of the cultural building elements in all parts of the operations by emphasising the following:

- Management responsibilities
- Selection of the investigation team
- An investigation process for all sites of the Group, including determination of facts and key factors
- Corrective and preventive recommendations
- Communication of the investigation's findings in an Incident Investigation Report
- Follow-up system for the investigation's findings, including responsibilities and dates for implementation
- Management systems
- Additional requirements by local regulations

## Safety Walk Standard

The Gurit Safety Walk Standard describes how to perform Safety Walks with the purpose of improving safety behaviour and preventing injuries and property loss. The desired result is reached through promoting dialogue and awareness by practically applying established standards for work behaviour in day-to-day operations, and by training employees to actively observe and identify both unsafe and safe procedures. The Safety Walk standard has been introduced at all production sites and enables immediate mitigation of risks and recognition of best practices. To compensate for the limited travelling opportunity and social distancing measures resulting from the COVID-19 pandemic, a video tutorial has been made available in several languages.

➤ GRI 403-2

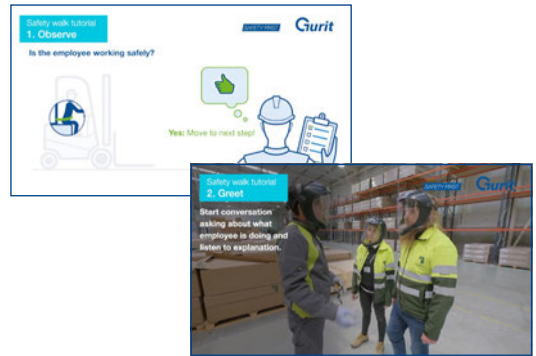
Hazard identification



“Our Training program is helping us to proactively find solutions to reduce potential risks and to share examples of best practices with the rest of the organisation. Our health and safety activities are helping us to create a workspace that is safe for all of us. We encourage your commitment and active contribution. Let us make Gurit a safe place.”

**Ernst Lutz**

General Manager Business Unit Wind Materials



Screenshots Gurit Safety Walk Video Tutorial

## Training modules

The Gurit health and safety trainings are focusing on the two standards mentioned above – Incident Investigation and Reporting and Safety Walks. The initial phase aimed to improve the awareness of senior managers. After completion of the first round of trainings, sites started educating local managers and supervisors and subsequently all employees. The response to the trainings has been excellent so far with a satisfaction level of 90%.





## Train the trainer

Extensive employee involvement is one of the key factors in the building of a stringent safety culture and therefore a central element in the Safety First initiative at Gurit. To solidly implement both health and safety standards and strengthen cultural aspects throughout the organisation, Gurit has adopted the "train the trainer" concept. Designated employees, called safety representatives, have dual roles of both training attendees and later as trainers for other groups of colleagues. This creates a functional cascade and increases engagement and understanding of the Safety First concepts defined at Corporate level. The trainers will be equipped with the necessary tools and expertise to roll out the Incident Investigation & Reporting and the Safety Walk standards, conduct trainings and ensure local implementation on site. Every employee is urged to take responsibility for the adherence of the standards, rules and regulations to make the working environment as safe as it can possibly be, for themselves and each other.

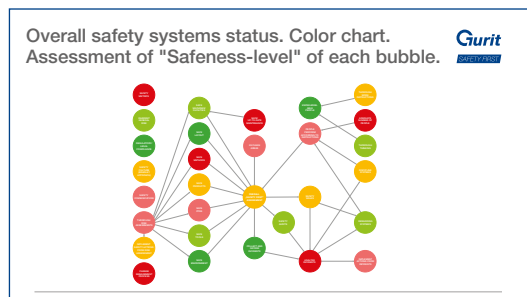


Illustration: a coloured safety-system evaluation of each site allows the quick visualisation of the safety situations and areas of action

## Safety Systems Sites Evaluation

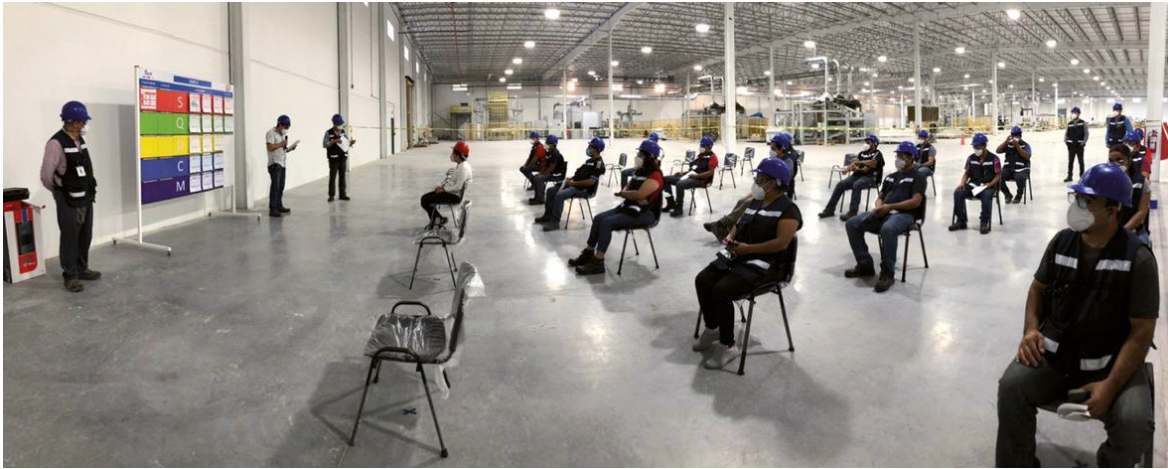
With the objective to monitor each factory regarding safety, with the identification and evaluation of all the elements that have a relevant influence on a site's safety performance, Gurit's Safety First Core team has created a process that supports Site Managers in establishing priorities to be carried out in each factory. This metric assists Management with putting the necessary efforts and resources into the appropriate systems, and supports the follow-up of implementation progress of related actions.

The process consists of a standardised self-evaluation questionnaire for each site and a quarterly review process at site and business unit levels. The local Site Management jointly conducts the self-assessment, involving Operations, Maintenance and Safety Managers to allow for a common view and recognition of the state of the Safety Elements. Ideally it is designed to correlate with the Safety Pyramid. The Safety Systems Sites Evaluation process was drafted in 2020 and is scheduled to be fine-tuned and rolled-out in 2021.

➤ GRI 403-2 Hazard identification

## High ambitions for a great cause

The company aspires to have zero work-related injuries and illnesses. To achieve and maintain such an objective, commitment and determination at all levels of the organisation is required. We are here to pursue our goal "Zero Accidents", because we strongly believe every accident is avoidable.



“Through the different exercises, discussions and role-plays that we carried out, we have been able to bring the theory of standards to the day-to-day operations of our factories. Our staff is showing tremendous ambition. I hope and strongly believe that, with continued effort and focus, we have a good chance of achieving our common goal. I am very satisfied with the result so far.”

**Hannes Haueis**

Head of Group Human Resources



Safety training at Gurit's new Mexican site

## Communication on occupational health and safety

As part of the roll-out of its Safety First initiative, Gurit has strengthened its internal communication at Corporate and site levels. Measures include an employee safety perception survey sent to all staff members and translated into the local working languages, a safety newsletter available in various translations, and the implementation of regular safety meetings at site level, either with all staff or established Safety Committees. During these meetings, employees receive information and have the opportunity to raise concerns or share safety observations. Safety briefs have been implemented as a standard procedure at shift changes and depending on the site weekly, bi-weekly or quarterly meetings have been set up. Due to COVID-19, the facilitation of larger group meetings or townhall gatherings has not been possible or limited. The meetings are to start with a safety observation and then continue with sharing of both best-practice observations, as well as learnings from accidents, incidents or near-misses.

➤ GRI 403-4 Worker participation, consultation, and communication on occupational health and safety

## Work-related injuries and ill health

The number of work-related accidents has decreased in 2020, but the work-related incidents have increased slightly, with many chemical burns reported by the production site in Canada. Gurit recorded no fatalities among workers or contractors and only one incident among contractors. No work-related ill health has been reported.

	2020		2019**		2018	
	Accidents	Incidents	Accidents	Incidents	Accidents	Incidents
Aerospace	3	5	9	30	7	2
Composite Materials*	22	194	23	173	18	159
Kitting	7	42	16	20	–	–
Tooling	1	13	5	6	6	8
<b>Total</b>	<b>33</b>	<b>254</b>	<b>53</b>	<b>229</b>	<b>31</b>	<b>169</b>

\* BU Composite Materials divided in 2020 into "BU Wind Materials" and "BU Marine/Industrial". BU Wind Materials recorded 9 accidents and 41 incidents; BU Marine/Industrial recorded 13 accidents and 153 incidents.

\*\* Data "2019": 1.11.2018 - 31.10.2019; widened scope now includes accidents/incidents on direct way to/from work.

Figures for 2019 and 2018 adjusted for discontinued Composite Components business unit.

For 2020 the **Lost Time Incident Rate (LTIR)** was 35.13 per million hours worked and the **Lost Time Accident Rate (LTAR)** was 4.57, which is a significant decrease compared to 2019 and in line with the targets set by Gurit's internal Safety First initiative launched in January 2020.

Rate per million hours worked	2020	2019
Lost Time Accident Rate (LTAR)	<b>4.57</b>	8.68
Lost Time Incident Rate (LTIR)	<b>35.13</b>	36.61

Rates cover all production sites.

➤ GRI 403-9 Work-related injuries

➤ GRI 403-10 Work-related ill health



## On the road towards ISO certification

At Gurit, we do not compromise on the safety of our employees, customers and partners or on the quality of our products and services. We want to consistently provide the highest standards of what we deliver as well as how we deliver it. Therefore we have initiated a company-wide initiative with the goal of certifying all our sites for the ISO standards 14001 and 45001 by 2022. We want our products and services to meet the expectations of all stakeholders and we want our approach to making this happen to be the best and safest.

**ISO 9001** is a set of criteria for quality management systems and is based on a selection of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement.

**ISO 14001** sets out the criteria for an environmental management system and provides a framework that can be followed to set up an effective environmental management system and assures that environmental impact is being measured and improved.

**ISO 45001** is an international standard set to improve occupational health and safety standards by reducing risks in the workplace as well as creating better and safer working conditions.

### Status of ISO certification

Certification	# of sites certified (as of 31.12.2020)	# of sites planned / in progress (2021/2022)	% of sites certified / planning to be certified (2021/2022)	% of production sites	% of employees covered
ISO 9001	18 (62%)	2	69%	100%	91%
ISO 14001	9 (31%)	4	45%	65%	61%
ISO 45001	4 (14%)	16	69%	100%	89%

Total number of sites: 29 (also including non-production sites)

Total number of production sites: 19

↗ GRI 403-8      Workers covered by an OH&S management system

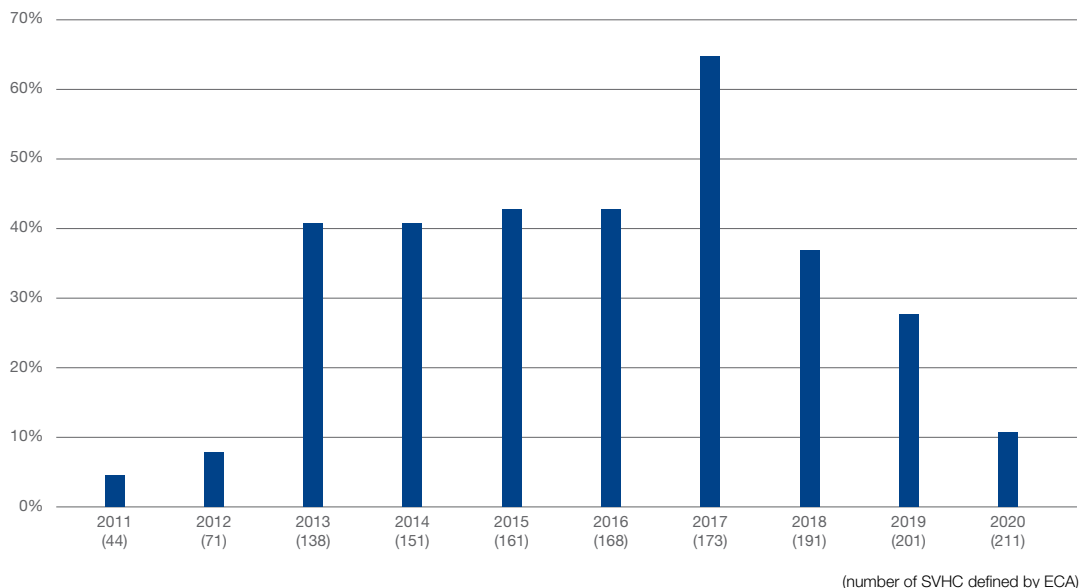
## Chemical safety

### Phasing out chemicals of concern by 2022

Since the advent of REACH in 2008, the European Chemicals Agency has designated a total of 211 Substances of Very High Concern (SVHC) to date. Of specific note to the composites industry was the inclusion of Bisphenol A and Nonyl Phenol. These substances are present in many amine-based hardeners and, although they can provide very effective technical benefits, the hazard profiles of endocrine disruption and bio-persistence mean that removal of such substances is of paramount importance. A key target set out by Gurit in 2017 was to remove all SVHCs from all Gurit standard and essential products by 2022. This is a major task given that the European Chemicals Agency are designating more SVHCs every year. The removal of such substances not only eliminates these harsh chemicals from the supply chain, but also reduces reporting requirements for our customers such as those under new European waste reporting schemes in force from 2021. Gurit is currently on track for this target with a large reduction in the number of Gurit materials affected – from 65% in 2017 to currently 11% of products (in standard and essential ranges within the Formulated, Prepreg and Core product offering). The set target of <15% for 2020 is met and on track for the <10% target Gurit had set itself for 2022. The number of SVHCs used in Gurit products has been reduced from a maximum of 10 substances in 2019 to only 3 in 2020.

The graph illustrates the situation as of December 31, 2020. At this time 211 substances are designated as SVHCs by the European Chemicals Agency (ECHA).

### Gurit finished products with SVHCs > 0.1% (essential and standard ranges)



Gurit's drive to reduce the hazard profile of products has resulted in a number of new Formulated and Prepreg product developments such as the SE 90 and SE 75 Prepregs, the Spabond™ 800 and 400 range, and the Ampreg™ 3X laminating range. Some of these products also incorporate Gurit's unique Light Reflecting Technology, allowing the user to detect the presence of contamination on clothing and around the work environment in order to monitor exposure with the support of a simple UV light. All these measures are part of Gurit's commitment to provide customers with products complying with best-in-class health and safety standards.

Information and Training is also part of this commitment. Gurit informs its sites and customers about the availability of a round-the-clock emergency hotline for use in the event of any chemical related incident such as fire, spillage or exposure. The emergency contact details are given out on all product Safety Data Sheets and dangerous good notes where required. The details are also displayed on the website and technical data sheets. Carechem 24 is a service provided by the United Kingdom's National Chemical Emergency Centre (NCEC) and provides a global service of emergency contact telephone numbers for each global region.

Carechem24 contacts: [the-ncec.com/en/emergency-response/24-7-chemical-helpline](https://the-ncec.com/en/emergency-response/24-7-chemical-helpline)

### **Incidents of non-compliance concerning the health and safety impacts of products and services**

There were no reported calls of severe incidents in 2020. One incident of the prior reporting period (2019) is still pending and may result in a fine of the equivalent of CHF 4500. It concerns a safety audit by a local labour inspector related to epoxy-allergies and improvement action plan.

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➤ GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

### **Incidents of non-compliance concerning product / service information and labelling**


The Regulatory Compliance Officer together with members of the product development and purchasing teams ensure that all information is collated, recorded and available within the legal timescales as defined by country specific legislative schemes. Bio-based formulated products are accredited to TUV Austria OK Biobased initiative and labelled in accordance with the requirements of this accreditation. In 2020, no complaints or violations regarding product marketing and labelling were brought forward in the reporting period. No legal actions were proceeded or pending, and no fines or non-financial penalties relating to non-compliance with product marketing and labelling regulations and standards were imposed in 2020, with the exception of one site who reported two fines for a total amount below CHF 500 related to the wrong labelling of a cardboard box during production as well as missing panels in a box in seven cases and measurement errors in five cases.

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➤ GRI 417-2 Incidents of non-compliance concerning product / service information and labelling

# Environmental policy statement





**Environmental impacts:** We avoid or reduce emissions; we measure our performance; and we aim for best practice in our industry. In particular we minimise toxic and greenhouse gas emissions, as well as process emissions and fugitive emissions.

**Effective resource utilisation:** We make use of natural resources responsibly. We look at minimising transport emissions and promote the co-location of our core materials and core kitting operations. We reduce or avoid waste and promote recycling. We conserve water.

**Green chemistry:** We reduce or eliminate the use of chemicals of concern and work with our suppliers to source more sustainable raw materials.

**Clean technology:** We evaluate options for cleaner technologies in all our operations. We encourage the development and use of environmentally friendly technologies.

**Precautionary approach:** We systematically assess, manage and communicate risks. When there is reasonable suspicion of harm, we apply precaution in terms of health and safety and the environment.



# Environment

## Climate-neutral in 2021

As a supplier to the renewable energy industry, Gurit maintains its commitment to a production that combines economical manufacturing with minimal ecological impact. And while sustainability is already at the heart of our business, Gurit has decided to go even further and become a climate-neutral company. To achieve this objective in 2021, Gurit will switch its entire electricity consumption to renewable sources by the end of the year, and will provide support to compensatory projects. Gurit will offset its direct emissions (GHG scope 1) and its indirect upstream and downstream emissions (partial GHG scope 3) where Gurit believes to have direct control and reliable data.

The main vectors of our environmental efforts are minimising our impacts by avoiding or reducing emissions, and by making use of natural resources effectively and responsibly. We reduce or eliminate the use of chemicals of concern, and we evaluate and encourage options for cleaner technologies in all our operations. We systematically assess, manage and communicate risks and apply precaution in terms of health, safety and the environment when there is reasonable suspicion of harm.



“Being a sustainable business will remain a strong focus, and we are proud to have taken the first step towards becoming climate-neutral in 2021.”

**Mitja Schulz**  
CEO

## Greenhouse Gas Emissions

In 2020, Gurit analysed its greenhouse gas emissions with an eye towards achieving carbon neutrality.

First, direct emissions from stationary and mobile emissions sources were evaluated, as was the electrical power consumption of all Group sites. Also assessed were emissions related to capital goods, waste, employee commutes, business travel and the transportation of our products.

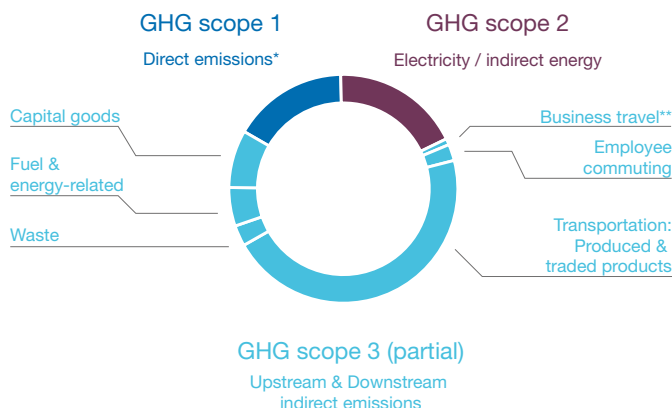
These analyses correspond directly to scope 1 (direct emissions), scope 2 (purchased electricity), and a part of scope 3 (indirect upstream and downstream emissions) of the global greenhouse gas protocols. Gurit believes it has direct influence over this data and that the data is of sufficient quality. The remainder are other up- and downstream emissions, e.g. purchased goods such as carbon fibre materials acquired based on customer demand, and related transportation.

The COVID-19 pandemic has affected part of the reporting period and may have caused lower emissions generated from less business travel and a significant reduction in process emissions related to a reduced production volume for the Aerospace market. Despite this global health crisis, most of Gurit's sites have remained open, or closed only for a short time, and so the impact on employees commuting has been minimal, but employees may have been commuting with their private car rather than public transport. Concerning the transportation of produced and traded products, some assumptions have been made to compensate for data not yet available.



### OBJECTIVE

### Reduce Greenhouse Gas emissions



In 2020, Gurit assessed its greenhouse gas footprint for the first time

\* Lower emissions due to COVID-19-related impact of Aerospace situation

\*\* Lower emissions due to COVID-19-related travel restrictions

## Detailed overview of Greenhouse Gas Emissions

In tCO <sub>2</sub> e	from 1.11.2019 to 31.10.2020
<b>Scope 1: Direct emissions</b>	<b>26 242</b>
Stationary combustion	10 918
Mobile combustion	1 498
Process emissions	13 034
Fugitive emissions	792
<b>Scope 2: Electricity</b>	<b>29 023</b>
Electricity	28 436
Heating and cooling	587
<b>Scope 3 (partial): Indirect</b>	<b>104 109</b>
Business travel	1 455
Employees commuting	3 676
Transportation (produced & traded products)	72 721
Waste	4 760
Fuel- and energy-related activities	8 694
Capital goods	12 803

- ↗ GRI 305-1 Direct (Scope 1) GHG emissions
- ↗ GRI 305-2 Energy indirect (Scope 2) GHG emissions
- ↗ GRI 305-3 Other indirect (Scope 3) GHG emissions

## GHG emissions intensity

GHG emissions intensity ratios for Gurit during between 1.11.2019 to 31.10.2020 are 49.79 tCO<sub>2</sub> equivalent per employee (including agency workers / contractors), and 0.32 tCO<sub>2</sub> equivalent per square metre, based on the GHG emissions scope 1, 2 and partial 3.

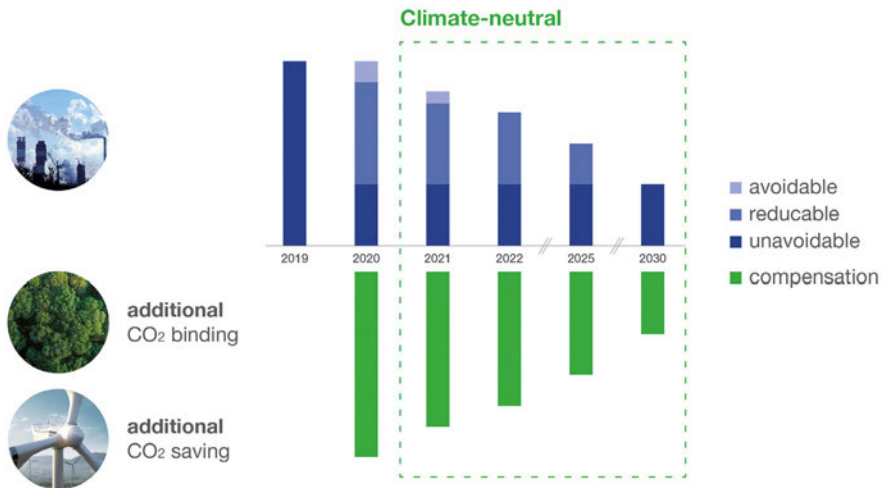
### Footprint Breakdown 1.11.2019 to 31.10.2020

Emissions tCO <sub>2</sub> e/employee (GHG scope 1, 2, partial 3)	49.79
Emissions tCO <sub>2</sub> e/m <sup>2</sup> (GHG scope 1, 2, partial 3)	0.32

- ↗ GRI 305-4 GHG emissions intensity



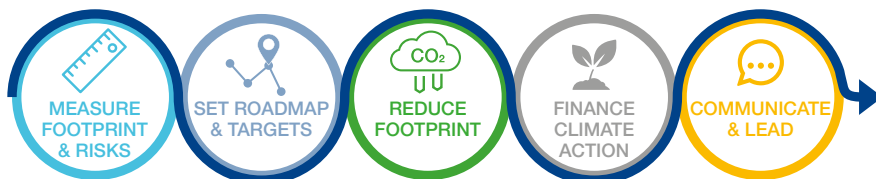
## Gurit's approach to climate neutrality



Gurit is committed to reducing its emissions and greenhouse gas footprint through a multi-pronged approach. Electricity for all operations will be sourced exclusively from renewable resources, thereby eliminating reliance upon fossil-fuel-based power generation. Furthermore, Gurit has adopted a global co-location strategy for its structural core materials manufacturing, with a “local for local” approach. Placing kitting facilities adjacent to PET extruders and near customer production sites will significantly reduce transport requirements to customers. This initiative began with Gurit’s China facility, has expanded to a new site in Mexico, and is underway in India. Gurit will also review production processes to minimise emissions, further reduce waste and further increase the efficiency of resource utilisation, transportation and business travel.

Direct emissions that cannot yet be avoided or reduced will be compensated by investing in carbon avoiding initiatives outside of Gurit’s supply chain, such as a wind park in India that replaces fossil-fuel-generated electricity.

As a result of these initiatives, as of 2021, Gurit will be climate-neutral in its contribution to greenhouse gases for its direct emissions and electrical power consumption, as well as for emissions related to waste, commuting of employees, business travel and transportation of our own products.

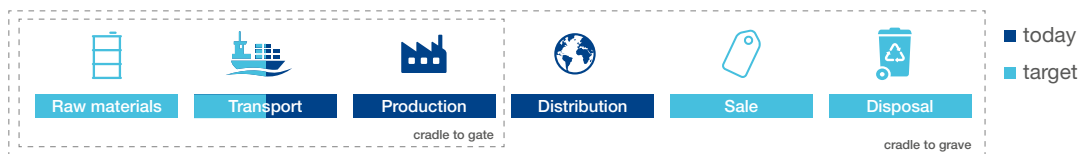


## Areas of action for emission reductions



As a comprehensive part of its Sustainability Strategy, Gurit has defined workstreams. Some began in 2020, some will be kicked off in 2021, with the purpose of developing dedicated action plans. These actions will include:

- improving our energy efficiency and increasing our use of renewable electricity
- minimising waste and increasing recycling of materials
- optimising transportation, promoting the co-location of core material manufacturing and kitting operations
- eliminating or minimising the use of chemicals of concern
- reducing process emissions and fugitive emissions
- promoting the use of recycled materials
- encouraging innovation and use of clean technologies

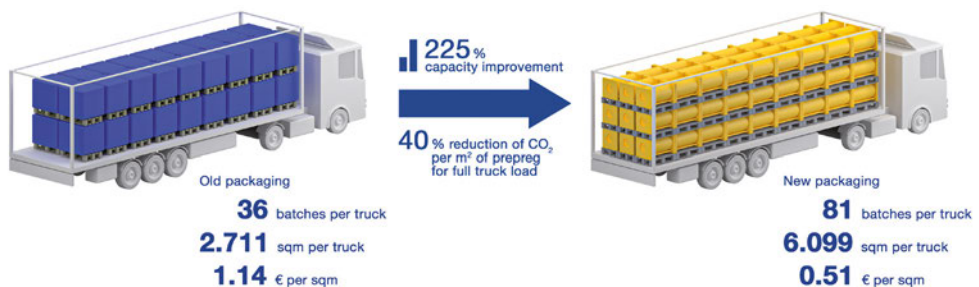


## Illustrative example of eliminating waste as an area of action for greenhouse gas emissions and sustainability while improving quality and efficiency



### Innovation in packaging design to reduce transportation emissions

A re-design initiative to establish an improved packaging solution for preimpregnated fabrics (prepreg) materials has been undertaken during 2020. Prepregs are typically transported in large rolls and the new packaging solution drastically increases shipping efficiency. This is achieved by reducing the volume of the packages and therefore enabling larger quantities of the products to be fitted into a container or truck, consequently decreasing the number of transports required for the same product quantity.




When shipping by truck, 45 more rolls/boxes can be accommodated in a full truck load, allowing for an up to 40% reduction in greenhouse gas emissions per square meter transported on the road and up to 50% reduction in a regular seafreight container. This smart improvement benefiting customers and our environment illustrates Gurit's ongoing commitment and passion for a sustainable future.

## 100% electricity from renewable energy sources

As of 2021, Gurit will source all its electricity from renewable power sources. For those sites not already sourcing their electricity from renewable power generation, the Group will purchase Energy Attribution Certificates (EAC), a proven method to document and track the consumption of energy in the respective country of operation. This will be done on the basis of the 2020 figures and provides for the compensation of 28 000 tons of CO<sub>2</sub>e emissions.



saving   
**28 000**  
tons of CO<sub>2</sub>e annually



The amount of greenhouse gas emissions avoided by switching to renewable energy corresponds to the equivalent amount of emissions caused by driving 3 084 times around the globe in an average car, or flying 4 203 times around the globe in economy class, or 84 000 m<sup>3</sup> of avoided loss of arctic ice.

## Financing a renewable wind energy project replacing fossil-fuel generated electricity

To achieve carbon neutrality in 2021 for its scope 1 and partial scope 3 emissions that today cannot yet be avoided or reduced within our operations, Gurit is financing part of an onshore wind park in Saipuram in the Indian state of Andhra Pradesh. This project replaces fossil-fuel generated electricity. At the same time the Saipuram wind park provides job opportunities and training to upskill local staff, supporting four UN Sustainable Development Goals.

The Certificate of Verified Carbon Unit (VCU) Retirement of 66 984 Verified Carbon Units has been issued on behalf of Gurit Holding AG on January 21, 2021. The VCU serial number is 9334-80963563-81030546-VCS-VCU-997-VER-IN-1-1788-04082018-31122018-0. It supports the Renewable Power Project by Saipuram Wind Energies Private Limited and is governed by the VERRA Verified Carbon Standard.



By harnessing strong prevailing winds, carefully located wind turbines generate clean electricity for the state grid. This helps to reduce the need for fossil-fuel generated electricity and increase energy security in India. The project provides green electricity to support India's growing economy, and also brings benefits, such as jobs and infrastructure, to underdeveloped regions.



### Project benefits



**TRAINING SESSIONS**  
to upskill staff



**250 000 MWh**  
of clean electricity send to the grid on average per year



**JOB OPPORTUNITIES**  
in an expanding low-carbon sector



**260 000 TCO<sub>2E</sub>**  
reduced on average each year



## Technical Statement on Greenhouse Gas accounting

### Greenhouse Gas Protocol

The Greenhouse gas (GHG) accounting and reporting procedure for Gurit Holding AG is based on the 'The Greenhouse Gas Protocol: GHG Protocol: A Corporate Accounting and Reporting Standard – Revised Edition' (GHG Protocol) and the complementary 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' – the most widely used international accounting tools for government and business leaders to understand, quantify and manage GHG emissions. The standards were developed in partnership between the World Resources Institute and the World Business Council for Sustainable Development. The accounting was based on the principles of the 'GHG Protocol': Relevance, Completeness, Consistency, Transparency and Accuracy.

### GHG Accounting

The accounting and footprint calculations were done with the support of an external consultant, the Swiss-based South Pole company. The data inventory was based on data provided by Gurit. Data has been collected via questionnaires sent

to all sites, as well as to the Global Procurement and Human Resources departments. The data has not been audited or verified by a third party. If no primary data was available, secondary data was taken into account, such as industry or national averages, monetary spent data, extrapolations based on information from other sites, or data from the GHG Accounting of the previous year. Where activity data of the inventory was lacking, extrapolations and estimations were made by either South Pole or Gurit experts such as the Head of Product Development, Product Managers, Site Managers or the Head of Operations of the production site concerned. This was done according to their best knowledge, but such estimates cannot completely compensate the absence of real data. Therefore, future variances in year-on-year data may or may not reflect an improvement of data quality, rather than a change in performance.

### Emission factors

The emission factors for the different categories are based on renowned databases such as Ecoinvent, the world's leading LCI database, the Department for Business, Energy & Industrial Strategy (BEIS) UK and the United States Environmental Protection Agency. Overall, the data inventory, emission factors and assumptions are

in line with the 'GHG Protocol'. The choice of assumptions and emission factors always followed a conservative approach. Unless otherwise specified, all emission values in the greenhouse gas report are given in metric tons of carbon dioxide equivalent (tCO<sub>2</sub>e). Therefore, not only CO<sub>2</sub> is taken into account, but also the other greenhouse gases mentioned in the Kyoto Protocol, e.g., methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O).

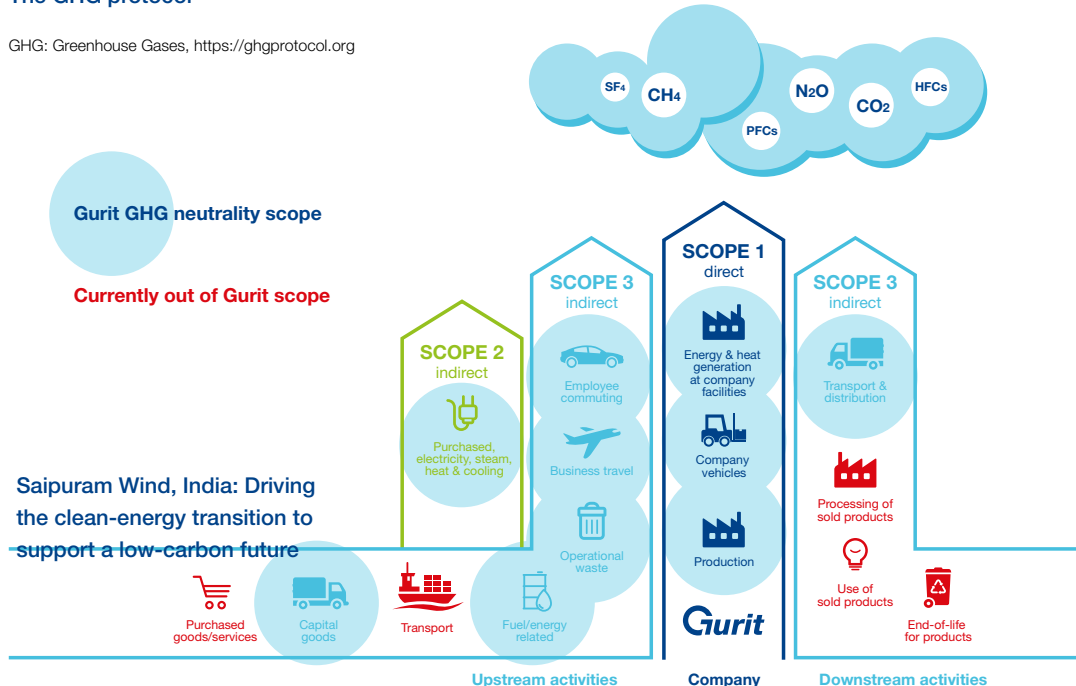
Global Warming Potential (GWP) is a measure of the climate impact of a GHG compared to carbon dioxide over a time horizon, which is necessary to unify the emissions to one unit for the different GHG. GHG emissions have different GWP values depending on their efficiency to absorb longwave radiation and the atmospheric lifetime of the gas. The GWP values used in GHG accounting include the six GHGs covered by the United Nations Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol and blends from these. These are the GWP used by BEIS and are based on the 'Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4)'.

Links:  
[ghgprotocol.org/corporate-standard](https://ghgprotocol.org/corporate-standard)  
[www.southpole.com](https://www.southpole.com)

## Methodology

### The GHG protocol

GHG: Greenhouse Gases, <https://ghgprotocol.org>



## Energy Consumption

The energy consumption in GJ is based on data reported by the Group's sites and includes: non-renewable fuel consumed; renewable fuel consumed; electricity; heating; cooling; and steam purchased for consumption.

### Energy consumption within the organisation

In GJ	2020*	2019*
Stationary combustion	188 000	195 000
Mobile combustion	21 000	16 000
Electricity	274 000	242 000
Renewable sources	81 000	71 000
Grid-power (non-renewable)	193 000	171 000
Heating and cooling	12 000	8 000
<b>Total</b>	<b>495 000</b>	<b>461 000</b>

\* 2019 corresponds to the reporting period 1.11.2018 to 31.10.2019, and 2020 corresponds from 1.11.2019 to 31.10.2020

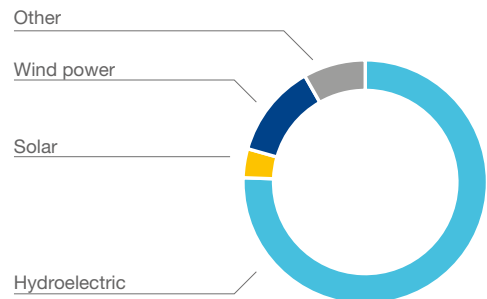


As Gurit reports this data for the first time, any values are approximate as they were calculated on incomplete data sets and with assumption-based approaches. Therefore, any variance year-on-year may be related to improving data quality, rather than actual performance. The total energy consumption within the organisation has been calculated by our external partner South Pole Carbon Asset Management AG as part of a mandate to analyse Gurit's greenhouse gas emissions.

➤ GRI 302-1 Energy consumption within the organisation

### Share of renewable energy

Type of renewable energy	Consumption from 1.11.2019 to 31.10.2020	
	in MWh	in GJ
Hydroelectric	16 950	61 000
Solar	800	3 000
Wind power	2 800	10 000
Other	1 950	7 000



## Reduction of energy consumption within the organisation

Various sites have implemented measures to reduce energy consumption. For example, in the UK, a demand-driven control system was installed in October 2020. It regulates and reduces run time and power consumption for two vacuum pumps used in formulated liquids production. The effect of this has been to reduce power consumption over a 24 hour period from ~250 kWh to 25 kWh on the on-demand pump. In China, four electric forklifts replaced diesel forklifts, resulting in a reduction of diesel consumption by 2 600 litres. In Denmark, the detection of compressed air leaks resulted in an estimated annual energy reduction of 47 303 kWh. Other initiatives around the world contribute to the reduction of energy consumption at Gurit sites:

- Keeping the indoor temperature of air conditioning at 25 Celsius during office hours.
- Switching off all power supplies when the office is empty.
- Unplugging electrical appliances / equipment which are not in use.
- Increasing production speed and minimising changeover time to optimise prepreg machine running, resulting in a reduction of energy consumption as the time required for the machine to run was reduced.

➤ GRI 302-4 Reduction of energy consumption

## Energy consumption outside the organisation

For the assessment of its Greenhouse gas footprint, Gurit has started to evaluate the energy consumption outside the organisation, which relates to the upstream categories and downstream categories (scope 3). Most of this data relates to suppliers and has not been available in the required quality. Gurit has used an assumption-based approach to compensate for the absence of data in order to get a broader understanding and priori-



tise focus areas for future action. The quality of the data is not suitable for external reporting purposes but will be used starting in 2021 for related internal workstreams that will look at reducing greenhouse emissions within scope 3.

Data assessed internally involve the following categories and are reported under Greenhouse gas emissions in CO<sub>2</sub>e:

- Business travel
- Employee commuting
- Transportation of produced and traded products
- Waste
- Capital goods
- Fuel- and energy-related

➤ GRI 302-2 Energy consumption outside the organisation

## Energy intensity

The energy intensity of electricity consumption (kWh) versus sales (continued business) has been calculated with 0.12 for 2019. And for 2020, this energy intensity of electricity consumption is 0.13.

➤ GRI 302-3 Energy intensity





World's largest wind blade mould completed in 2020



“Our innovative moulds now feature sophisticated automation solutions that help our customers to improve the quality of the blade finishing and substantially reduce cycle time, thus reducing emissions and energy consumption.”

**Bing Chen**

General Manager BU Tooling

# Waste

For Gurit, reducing or avoiding waste is a priority. We focus not only on the materials we dispose of, but on the manner in which we design our processes and products to minimise environmental impact. This includes the efficient use of resources, re-designing packaging to reduce transportation requirements, and the recovery of materials in order to re-introduce them to the production cycle.

From 1.11.2019 to 31.10.2020, the total weight of waste generated and reported by Gurit sites was about 86 600 metric tons. The different types of waste were the following:

In metric tons	from 1.11.2019 to 31.10.2020
Chemical	121
Commercial and industrial	13 614
Hazardous	13 135
Household residual	130
Metal	336
Paper/Paperboard	468
Plastic	7 223
Solvent mixtures	49 259
Wood	1 593
Other	726
<b>Total</b>	<b>86 605</b>

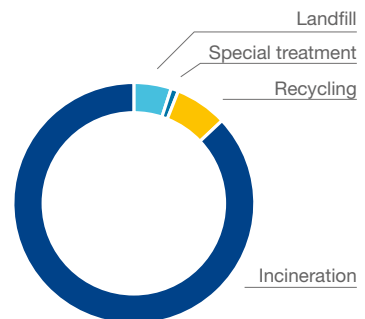
↗ GRI 306-3 Waste generated

## Quantity by disposal type

In metric tons	from 1.11.2019 to 31.10.2020
Landfill	4 295
Special Treatment	823
Recycling	6 197
Incineration	72 290
<b>Total</b>	<b>86 605</b>

↗ GRI 306-4 Waste diverted from disposal

↗ GRI 306-5 Waste directed to disposal



## Management of significant waste-related impacts

Gurit undertakes significant efforts to reduce its waste footprint and related impacts in all its operations. Gurit has adopted a co-location strategy which consists of locating its PET core material manufacturing sites in close proximity to kitting operations. This allows us to recycle core material waste generated during kitting operations by re-utilising them in the extrusion process.

Furthermore, the packaging of the formulated product range has been improved and optimised for less waste and easier-to-recycle materials.

➤ GRI 306-2 Management of significant waste-related impacts

## Waste generation and significant waste-related impacts

For the calculation of its greenhouse gas footprint, Gurit took into consideration its entire value chain, and Product Development, Technical Support, Sales and Procurement specialists have initiated a process to look at waste-related impacts during the product use phase when our products are processed at our direct customers, as well as end-of-life aspects of our semi-finished and finished products with the end customers. As part of its Sustainability Strategy, Gurit will set up dedicated workstreams to analyse the waste workstreams along its value chain and address end-of-life solutions for its products. **In 2020, Gurit recycled 9900 metric tons of PET or 825 million post-consumer PET drinking bottles into structural core PET foam.**

## Reclaimed products and their packaging materials

For the remainder of operations, Gurit production sites have reported 1128 t of recycled pallets and 166 t of recycled cardboard and plastics. Several thousands of metallic stillage are reused for prepreg rolls deliveries to customers served from our prepreg production site in Spain. Due to the nature of advanced composites that have a product life of several decades, as well as the fact that Gurit provides semi-finished materials that are further processed by customers into their respective end products, there is no data available regarding reclaimed products beyond the PET product range.

➤ GRI 301-3 Reclaimed products and their packaging materials



➤ GRI 306-1 Waste generation and significant waste-related impacts

## Water consumption

Gurit sources the water for its production sites from measured public utilities networks. To this date, Gurit is not aware of water sources significantly affected by the withdrawal of the water the company consumes. Gurit considers its impact on water resources as not causing high levels of water stress. Our production sites use water responsibly and consider water usage in the process design. Gurit sites have not reported any discharges to surface waters and no significant spills, except for a minor spill of 110 liters during a prototype testing.

Water consumption from November 2019 until October 2020 was 148 309 944 liters for 29 Gurit Group sites worldwide. In the previous year, the comparable figure was 89 million litres. The increase can be explained by several factors. Gurit Italy PET Recycling, which represents more than one third of the total water consumption, was acquired during 2019 and only 4 months were reported in the previous report. The Kitting site in Mexico was in startup in 2019 and therefore not in full production in the previous reporting period. In Indonesia, Gurit sourced part of its water supply from its own well, but in 2020, it shifted to one single source, the local utilities company. Furthermore some errors and omissions were discovered in data reported in the previous year's period.

	2020*	2019*
Water consumption (in litres)	148 309 944	89 084 391**
Water consumption vs. sales (continuous operations) ratio	0.26	0.16

\* 2019 corresponds to the reporting period 1.11.2018 to 31.10.2019, and 2020 corresponds from 1.11.2019 to 31.10.2020

\*\* restated due to unit of measurement errors in previous report

➤ GRI 303-5 Water consumption  
➤ GRI 303-4 Water discharge



“Being an operations manager, one of my responsibilities is Environment, Health and Safety management. I am eager to further improve the sustainability performance at our Taicang Site, to reduce and eliminate the risks in order to achieve zero working-related injury and ill-health, as well as to reducing our environmental impacts.”

**Weidong Yao**

Operations Manager, Gurit Tooling

### Improvement of packaging

Various sites started initiatives to improve the environmental footprint of packaging. Our site in Falces, Spain has re-designed their packaging of core kits that are delivered by truck to wind turbine blade manufacturers. The new packaging allows us to fit more kits onto one truck, saving 61 truck journeys per year, and saving 6 600 kg of plastic wrap to be replaced with a simple strap. Additional initiatives concerned our site in Newport, UK. Formulated product boxes were redesigned to eliminate unnecessary single-use plastics such as tape and blister packs. In 2021, Gurit will be implementing new containers which are lighter, reducing the packaging weight by 74%, optimised in size, reducing empty volume by 22%.



“We have a clear target: we want to reduce our carbon and plastic footprint in all our processes. We started a very exciting project with a customer where we optimise their transport and packaging. During 2021, this will avoid 61 truck journeys between Spain and Italy and save almost seven tons of plastic film.”

**Pablo Losa**

Site Manager Falces, Spain



- GRI 305-5      Reduction of GHG emissions
- GRI 306-2      Management of significant waste-related impacts

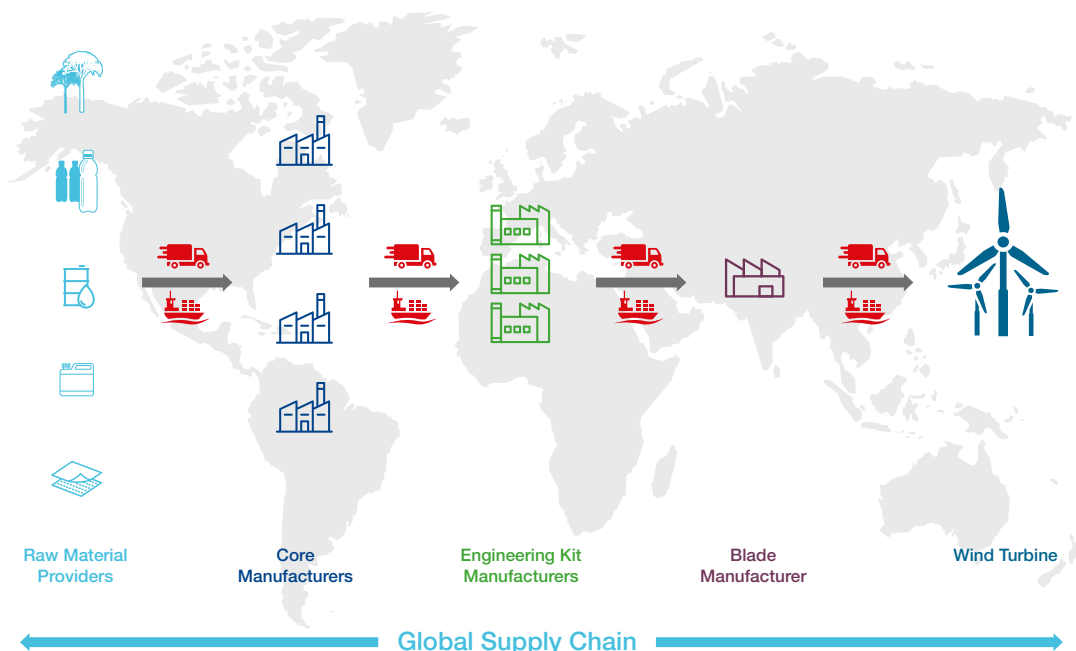
## Co-location for greener operations

### Less transport, less waste, more customer proximity

As a supplier to the wind turbine market with wind blade tooling, composite materials and core kits, Gurit contributes along several steps of the value chain with continuous improvements and innovations to further reduce the overall cost of wind power. Gurit's co-location strategy is about reducing transport emissions, storage space, time and allowing for significant recycling of raw materials.

The recipe is simple and effective: PET core material production sites, with extruders placed in the vicinity

of kitting operations. Instead of weeks of sea-freight or long truck journeys, the locally produced Kerdyn™ Green PET structural foam cores are transported to the kitting factory next door – a five-minute journey using a forklift. This represents a huge reduction in transport emissions and the material can be processed much faster, speeding up the entire supply chain. Furthermore, waste from kitting operations can now be recycled back into the extruder, instead of disposing and transporting it to landfill or incineration. Also, instead of keeping large stocks at two sites, these can be reduced, dynamically optimised and managed. The product properties remain the same at all sites globally, so in the event of a local shortage, the material can be sourced flexibly from another site.

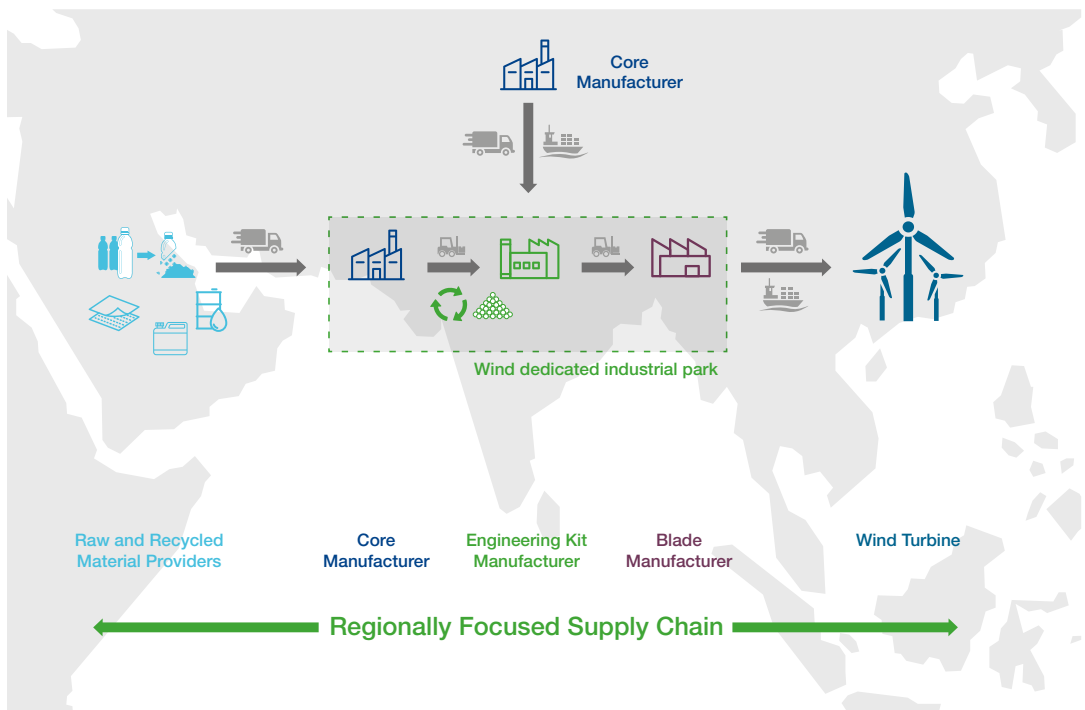




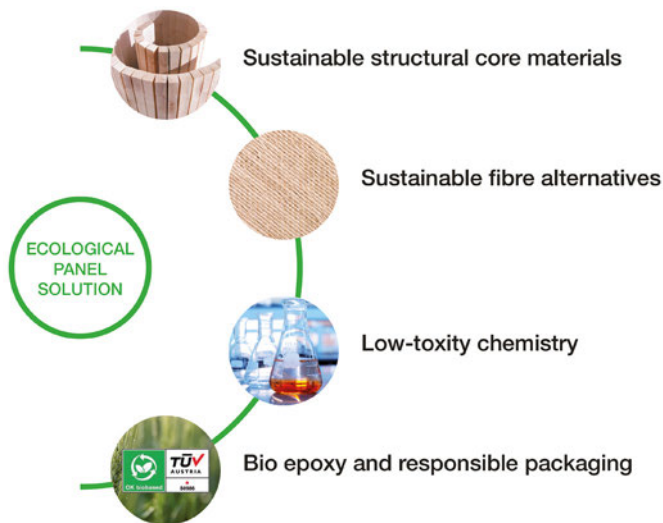
“On the wind industry sustainability path, many avenues will be explored and deliver improvements. Gurit’s co-location model presents advances in further reducing greenhouse gas emissions while making total cost improvements to support the industry.”

**Mathieu Cariou**

Director Strategy & Business Development Wind, Gurit



# Using sustainable and responsibly developed materials



## Sustainable structural core materials

Given the importance of core materials in the wind turbine industry, as well as many other industrial applications, such as marine and aerospace, many synthetic cores have been considered over the years. A modern answer for a scalable synthetic core technology came with the adoption of thermoplastic extruded foam. In this respect, PET is the polymer that offers the greatest benefits in terms of the balance of thermal resistance (to withstand the production process), mechanical performance (delivering the necessary stiffness and strength) and cost.

Moreover, PET offers a well-developed and resilient supply chain for recycled material, further improving the environmental credentials of a material and a production technology that already ensures great efficiency, allowing for any production waste to be recycled into fresh foam core material.

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### What are core materials?

Structural cores come in many forms and are used in sandwich construction. The “sandwich” consists of a face skin laminate, the core material, and the back skin laminate. The use of a core creates a laminate with greater elasticity (modulus) and stiffness with a minimum increase in weight.

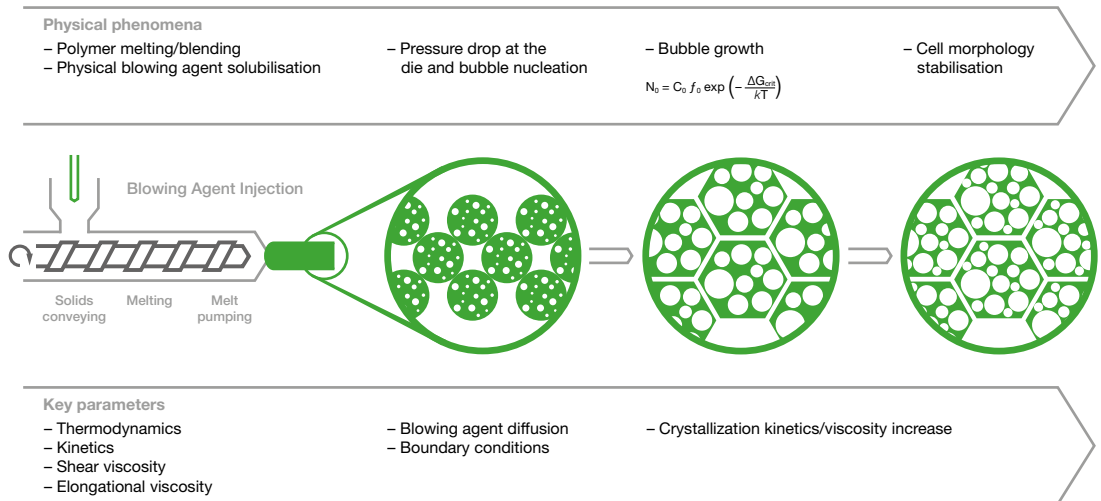
Sandwich construction allows the skins to carry the load, while the core material maintains the orientation of the skins. This form of construction has been a basic component of the composites industry for nearly five decades and allows for exceptionally strong and lightweight structures for a variety of high-performance markets including wind energy, marine, transportation and aerospace, among others.

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## A synthetic core material made from recycled PET

PET is a key element in Gurit's product portfolio, marketed under the name Gurit Kerdyn™ Green. It is a PET synthetic core material made from up to 100% recycled PET, mainly sourced from post-consumer bottles.

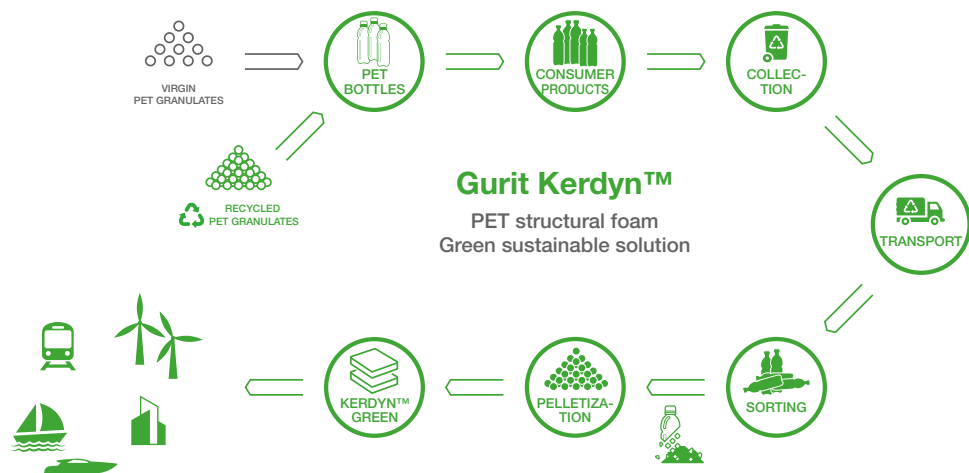


Thermoplastic foam extrusion process



“If these plastic bottles were to go to a landfill, they could take up to 500 years to decompose. Producing products from recycled plastics reduces energy requirements by 66 percent. In addition, Kerdyn™ Green reduces the environmental footprint by being used in wind and lightweighting applications in several other industries.”

**Luisa Gaiero**  
Product Manager PET



### Recycled post-consumer waste

Since post-consumer PET is widely recycled, there is an opportunity to utilise an already well-organised supply chain. Gurit recently invested in the vertical integration of the recycling technology, beginning with the recent acquisition of a PET recycling business in Italy. Gurit Italy PET Recycling specialises in the recycling of PET bottles and the production of recycled PET flakes and granules later used for extrusion of recycled PET core. This allows Gurit to secure quality and cost-effective raw material supplies for its PET strategy, deepen its know-how of this specific material supply, and link the value chain elements starting from the recycled bottle down to a finished quality core, Kerdyn™ Green.



By co-locating its manufacturing and kitting facilities, as Gurit is now doing in Mexico and India, the company also has the ability to give a second life to industrial PET waste. Following its manufacture, the structural PET foam plates move to the adjacent kitting site. In the subsequent kitting process, PET is cut to fit the size and requirements of various customer projects. This cutting process generates waste, which would normally have to be disposed of.

However, by co-locating extruders next to the kitting operations, this waste material can now be directly recycled in the adjacent extruder. This reduces overall costs while minimising waste and transportation emissions. The sustainability aspect of this process, along with Gurit's vertical integration of the entire procedure, has become of significant interest to many in the marine industry who are thinking more about the ecological impact of their business.

## Case study



**Brunswick Boat Group**, headquartered in Knoxville, Tennessee, USA, is part of a larger corporation that has been in business since 1845, and has been involved in the marine industry for over sixty years. Brunswick is now the world's leader in recreational boats, marine engines, and marine parts and accessories. Gurit's Kerdyn PET structural foam is now used in their structural core applications, decks and parts.

As part of its dedication to Sustainability, Brunswick has begun the transition from wood core used for added hull rigidity in many of its boats towards Gurit's Kerdyn™ Green PET structural foam, made of up to 100% recycled plastic bottles. Several of its boat manufacturing facilities have completed the conversion, and the balance will be completed in 2021. When full conversion is complete, the replacement of its current core materials with Kerdyn in their boat production operations will consume the equivalent of over 4 million recycled plastic bottles and save 7 000 trees annually.



“Our transition to Gurit's Kerdyn™ core was seamless and the material processes beautifully. It also helps to achieve our long-term sustainability goals.”

**Sean Minogue**

Advanced Manufacturing Manager, Brunswick Boat Group/ Boston Whaler

## Balsa wood – a naturally-grown core solution

Because balsa wood is low in density but high in strength, it is preferred for use as core material in the composites industry; most notably, the blades of wind turbines.

### How is balsa grown?

Balsa is known as a pioneer tree species, which means it is one of the first tree species to sprout naturally when there is a soil disturbance or clearing in the forest. Balsa trees grow on farms and in agricultural areas where small landowners and farmers have in balsa an additional livelihood support. Most balsa wood comes from small landowners and rural families living in the agricultural frontier landscape.

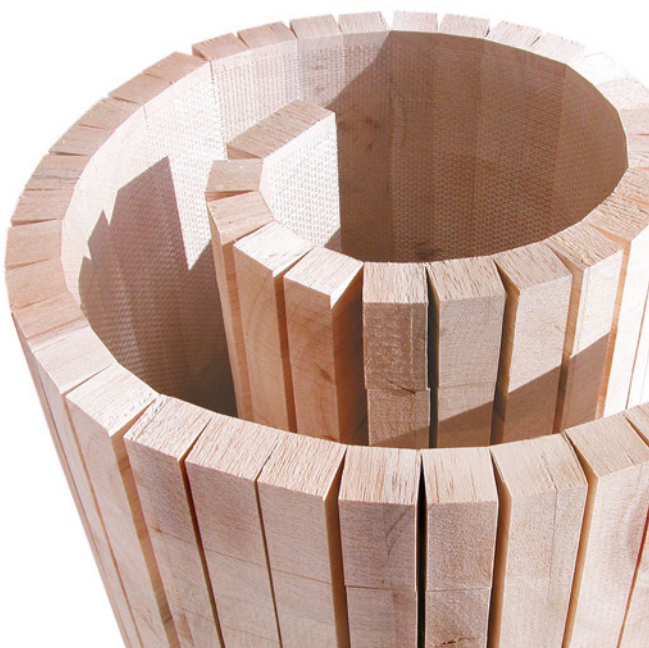
### Balsa's native range is from Central to South America

However, Ecuador's location and unique climate create the perfect conditions to give Ecuadorian balsa the best physical and mechanical properties for the composite industry.

As a pioneer species, balsa's biological function is to provide protective cover so that other vegetation can grow. This is why balsa is so fast-growing and its wood is so amazingly lightweight. Given balsa's rapid growth, it also has a short life span, of between 20 and 30 years, although the composite industry prefers balsa of around five years old.

### Balsa, a wood with excellent properties

End-grain balsa wood has exceptional properties such as strength and stiffness, while being a sustainable option to utilise as core material. This material is produced by gluing lumber along the direction of the fibres, which creates a robust block. The block is then sliced perpendicular to the fibre direction, creating core panels that are then employed to build resilient structures. The production of balsa core follows the natural growth cycle of the trees, which is approximately four years, before reaching the point where the wood can be harvested. Thanks to this natural process, the trees are allowed to absorb carbon dioxide during their full growth cycle. The wood waste from the production process is utilised as alternative fuel for the kiln drying process within Gurit's factory and adjacent ones in Ecuador, which reduces both waste and CO<sub>2</sub>. Balsa is a self-generating species which means that it renews itself quickly with a low risk of depletion. Gurit's Balsa production centres are located in Ecuador and Indonesia. Finishing is done in Ecuador or China and from there, exported all over the world.





## Sustainable local business development

In Ecuador, balsa farming has been a traditional family business activity for several generations. It has high potential positive impact for farmers' livelihood while also being a sustainable material for core material solutions. Most balsa wood comes from small landowners and rural families on the agricultural frontier.



Lead forester, Darwin Rosero, delivering Balsa saplings to local community women



### Towards a sustainable supply chain

Gurit aims to foster a sustainable supply chain by including in its suppliers organisations such as the mission-driven Whole Forest/Verdecanandé forestry enterprise to establish and manage balsa farms with local families and manufacture laminates for Gurit's global composite supply chain. Through this intervention, Whole Forest has grown to employ 100 community members in forestry, manufacturing and business administration, and works with over 400 small providers.

In the past, Gurit has supported local communities and farmers with funding and plant donations to support local forestry businesses from an environmental, economic and social point of view. Gurit has also cooperated with authorities and academic institutions in Ecuador researching and defining the best practises for managing, maintaining and harvesting Balsa.

## Balsa supply chain



### PLANTATIONS

Balsa tree  
growth



### ROUGH SAWN TIMBER

Harvest, saw  
and transport



### BLOCKS

Block  
manufacture



### PANELS

Panel  
manufacture



“Balsa is being planted on soils with agriculture or livestock used for several generations for families’ livelihood. Gurit has been part of this business for over a decade, contributing to the creation of shared value where we operate. Our wide offerings within the wind market provide us with a great opportunity to be a true partner to the industry on its journey to sustainability. This is an exciting challenge, and I am proud to be a part of it.”

**Mara Ferrari**

Quality Manager, Gurit Balsa

## Sustainable fibre alternatives

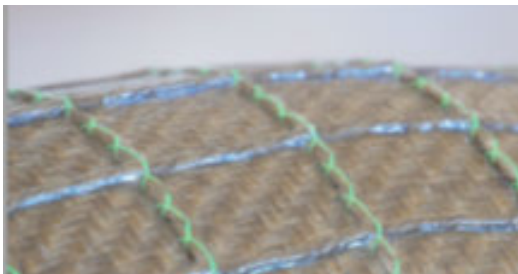
Gurit supplies a range of reinforcements suitable for composite component manufacture and repair. These materials are based on the most widely used fibre types and fibre orientations, and incorporate a variety of construction techniques in their manufacture. Fibre-reinforced composite typically consists of three components: the fibres, a matrix and an interface.

### Natural fibres reduce the CO<sub>2</sub> footprint by 50-75%

Along with traditional glass- and carbon-fibre products and hybrids, Gurit has started to offer natural flax fibre products. Thanks to the flax-based reinforcements, the CO<sub>2</sub> footprint of semi-structural composite parts, e.g. exterior panels, can be reduced by 75% when compared to carbon fibres while matching performance. For interior panels, weight can be reduced by up to 50% and plastic by up to 80% at matching performance. The combination of Gurit's low toxicity bio resin with natural fibre solutions now provide an important first step for a bio-based composite panel solution for multiple industries.



ampliTex™ technical fabrics



powerRibs™ reinforcement grid



“The challenge to deliver truly sustainable products without compromising on cutting-edge performance is perhaps the greatest challenge composites have faced so far. With Gurit as a key player in this push for change, it is an extremely exciting time to be a part of this innovative industry.”

**Kevin Cadd**

Product Manager

These nature-based products are also viable from a sustainable economic perspective: when comparing the performance of flax fibres with more traditional glass fibres, flax fibres have higher specific stiffness than E-glass. Furthermore, flax fibres have high vibration damping and good breaking properties which means that they do not produce sharp shards in the event of impact or structural failure of the component. In terms of cost, flax fibres are effectively positioned between carbon and E-glass.

Examples of flax fibre materials distributed by Gurit are two lines developed by the Swiss partner company Bcomp: ampliTex™, a flax fibre fabric; and powerRibs™, a solution for stiffening thin-walled structures inspired by the veins on a plant leaf.

## Bio-based chemistry: bio-content without compromising performance

Sustainable chemistry at Gurit means that many factors are reviewed, such as ensuring that our manufacturing processes are safe and efficient in terms of resources used and emissions caused, as well as considering bio-based options, the use of recycle and minimising material waste.

Bio-based chemistry does not always mean new products, but it does challenge the status quo. Gurit is working closely with its suppliers in order to revise the existing supply chain for existing products in order to achieve an increased bio-based content. Gurit aims to deliver bio-based chemistry as standard, for new and existing products.

Sustainable chemistry balances a multitude of inputs: looking at toxicity, health & safety, transportation, sustainable supply chains and greenhouse gas emissions, with the ultimate goal of creating a product that performs up to expectations. There is a broad spectrum of sustainable options currently available, although many are still in their infancy. For selecting the appropriate and most sustainable option, Gurit makes use of the growing sources of data such as lifecycle analysis and carbon footprint analysis, but our experts are aware of the vast amount of work still achievable in this area.

An example of bio-based chemistry Gurit has successfully introduced into the market is AMPRO™ BIO. It has an accredited 40-60% bio-based content and is a simple to use, all-purpose epoxy. AMPRO™ can be used for gluing, coating, laminating and filling for a very wide range of tasks, most typically for the manufacture and repair of wooden boats.



Gurit AMPRO™ BIO



## Efficient wind turbine repairs

The wind turbine repair industry is growing due to the high number of existing wind turbines approaching an advanced age in their service life and in need of more frequent maintenance.

It is vital that wind farms are kept in optimum working condition to ensure they are running at the highest energy generation capacity. Furthermore, these increases in efficiency streamline costs for the turbine owners and supply more energy back to the grid. For these reasons, regular preventative maintenance is commonly carried out, increasing the demand for materials and repair solutions for on- and offshore wind turbine generators around the world.



Repair works on a wind blade



### Maintenance extending the service life

Wind turbines are typically designed for a service life of around 20 to 25 years. During this time, maintenance and repair procedures ensure the ongoing structural integrity of the wind turbines and prevent catastrophic failures. Problems need to be detected and repaired as fast as possible to keep downtime to an absolute minimum.

According to CompositesWorld.com, an out-of-service turbine can cost between USD 800 and 1 600 per day, with most repairs taking one to three days. If a crane is required to repair or replace a blade, the cost can run up to USD 350 000 per week. For an offshore turbine, a rough cost estimate for a 10 MW turbine standing still is about 10 000 EUR per 24h of lost income.

Blade damage can occur from handling, installation, weather conditions and environmental impacts. Deterioration during operation is most common, with lightning

strikes, debris, wind and constant temperature changes battering the wind blades, causing blade surface erosion, critical bonding areas to start separating or even more compromising damage to the composite structure. Any of these critical components will likely render the turbine inoperable for some time and the current repair solutions are critically impacted by temperature and humidity, reducing the repair teams' access to the turbines throughout the year.

### Repair time reduced from two days to four hours

Efficient repair solutions contribute to minimizing downtime, for example through materials availability, processing and applied properties. Gurit has a range of OEM-qualified & certified low-toxicity epoxy materials for all in-factory blade finishing and repairs, including

laminating and infusion resins, fillers, adhesives and gel-coats.

Building on in-depth understanding of the materials from which wind blades are made, Gurit has developed new solutions for in-field maintenance that act to extend the lifecycle of wind turbine blades. Gurit offers a wide range of products available in two curing techniques: thermal & UV light. For example, the Ampreg™ low toxicity, thermally curing laminating system is supplied in a range of dispensing solutions and small packs, ideally suited for use in challenging situations.

Gurit's UV-curing technology-based RENUVO™ moves from a two-day operation using thermal solutions, to a four-hour operation using a new-generation UV lamp. This saves on up-tower trips, enables several repairs in less time and reduces cure time from hours to minutes. The added health and safety benefits include less systems handling and limited risk of spillage. Modern UV lights have become compact and lightweight, so today UV-curing is an attractive option for both in-field and in-factory repairs.

Gurit wind blade repair portfolio:

- Ampreg™ Laminating
- PRIME™ Infusion
- Filling & Fairing
- Spabond™ Adhesive
- Gelcoat Repair System
- UV-Curing RENUVO™

The repair portfolio applies to a wide range of repairs, from blade-finishing or bonding of ancillary or retrofitting of parts, either in the factory, where the de-molded blade can require some finishing, or repairs to in-field situations on the turbine in operation.

A dedicated team at Gurit consisting of technical specialists, product developers as well as a worldwide distribution network with dedicated partners is being built up to address various stakeholders' needs.



“With an increasing share of wind rotor parks now reaching an advanced age, the industry is looking at solutions targeting increased average operation efficiencies and extending equipment life. Our experience across all aspects of the blade manufacture makes Gurit the prime partner for OEMs and wind park operators for the development and delivery of solutions during the whole blade life.”

**Mathieu Cariou**

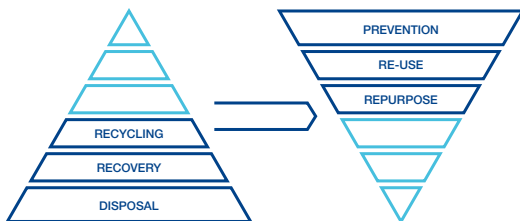
Director Strategy & Business  
Development Wind, Gurit

# Technology to address end-of-life wind blade concerns

Reduction of waste and in particular, addressing end-of-life concerns is one of the most prominent areas facing composite materials at present and one that Gurit is actively engaged in research to resolve. It is also one that has multiple potential solutions and requires the alignment and engagement of the whole supply chain; in the example of wind blades, the material suppliers, blade producers, farm operators, maintenance contractors and decommissioning entities all need to work together to establish an integrated solution. When considering end of life, whilst we often think of recycling, there are other preferred options in the hierarchy of waste reduction that can be considered. Firstly, elimination of waste. Here we can consider ways to prevent or prolong the need to dispose of redundant materials and components. Improving reliability and longevity through more robust materials and repair solutions, such as Gurit's RENUVO™ and wind blade repair product ranges are one way to achieve this. Secondly, the reuse of components either through re-powering or re-purposing for other applications such as pedestrian bridges, road-building or the construction materials industry is also an option. Gurit's extensive database of material properties and engineering data supports this approach. Finally, the topic of recycling materials needs to be addressed.

## The challenges of recycling

The paradox that needs to be solved with composite recycling is the fact that composite materials used in wind blade production need to be extremely durable, able to withstand harsh environmental conditions over decades of use. Such durability requirements do not instinctively align with materials that are biodegradable or easily recycled. One solution to this is mechanical recycling, whereby blades are broken down into smaller fragments using mechanical "shredders". Drawbacks with this approach are that the shredded material is of lower value and a suitable end-user stream for the material needs to be found to avoid committing to landfill. In addition, this approach does not allow the reclamation of higher-value blade components such as carbon fibres. Another option is thermally re-formable composites such as thermoplastic materials. This approach has the potential to facilitate a circular economy through the ability to form new fabrications or in the case of more complex shapes, separate higher-value components such as fibres to create a segregated approach to circularity. Current limitations of this technology that need to be addressed by research in this field, however, relate to the often very high temperatures, pressures and cleaning processes to truly reclaim thermoplastic matrices from the reinforcing fibres. As such, the recycling process is in practice somewhat theoretical and offers no or minimal net benefit in either economic or environmental cost over existing recycling approaches available to thermoset composites. Likewise, whilst the re-forming of fibre-reinforced thermoplastic composites is viable for relatively flat structures, this becomes very difficult or impossible for more complex fabrications such as wind turbine blades.



## Research in reversible resin systems

Another approach involves “reversible” or “unzippable” resin systems. This is an area where Gurit is investing in research, and principally involves developing the back-bone chemistry of the resin matrix such that when placed in specific conditions or stimuli, the cross-linked structure which is responsible for providing the resin properties are “reversed” or, to use the analogy of a clothes fastener, “unzipped” allowing easy separation of resin matrix and fibre reinforcement on demand. The advantages of this approach are that all the benefits of a cross-linked thermoset composite are retained, namely, the high mechanical properties, good environmental stability and resistance to creep, yet allows for recycling on demand without the need for very high temperature and pressure processes. The external stimuli or conditions required for reversing the resin matrix are such that they are never encountered during the lifecycle of the blade (so as to ensure lifetime longevity and reliability of the blade in operation) yet are economic and efficient enough to enable a recycling process at end of life which is simple, economic and scalable allowing a net environmental benefit and hence sustainable solution.



“Truly addressing end-of-life concerns of composite structures requires the integration of many factors within the lifecycle of a component. The development of recyclable resin systems in isolation is not enough to provide an industry solution. Instead we need a suite of materials that can be repurposed or recycled. Innovation is required to allow wind blades to be separated into waste streams at end of life, and finally, the segregation and recycling processes must be both financially and environmentally sustainable. Such an approach must continue to maintain the economic, performance and reliability requirements necessary for blade design.”

**Paul Spencer**

Product Development Manager, Gurit

## Single material products

Wind turbine blades are mixed material fabrications. They are not made from a single material, instead consisting of glass and carbon fibres, resin systems, natural and foam core materials, adhesives as well as coating and paint systems. As such the successful application of an end-of-life solution needs to consider all of these elements holistically. There are two main approaches to this problem. One would be to ensure that the whole product is constructed of the same material group. In this manner, the entire component or blade could be recycled as a single entity. The challenge to overcome with this approach relates to the fact that different areas and components of a blade require different material properties and therefore a material which is universal.

A second approach is to engineer the structure and materials to allow them to be economically separated at end of life into different waste streams that can then be individually recycled. It is of little benefit for example, to have an in-principle, recyclable glass fibre blade skin if the coating and adhesives it is connected to are either not recyclable themselves or require a different recycling process.

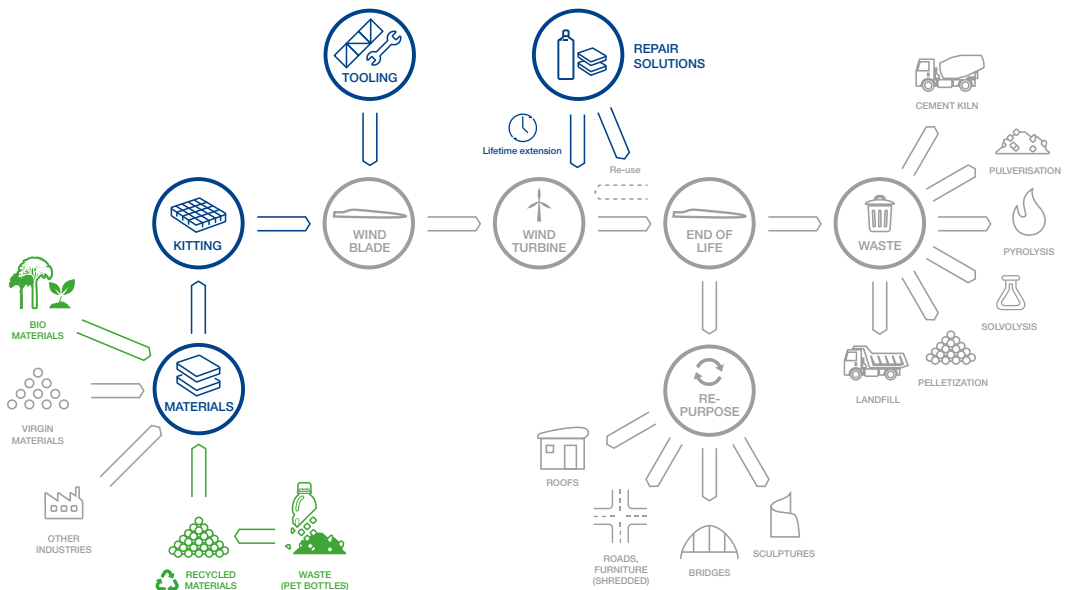
## Smart materials

Designing smart materials which can allow easy separation and segregation of blade components into individual waste streams, but importantly, only at point of end of life, is integral into any blade recycling technology. Again, Gurit identifies this as a key part of the problem and therefore forms part of our vision to addressing end-of-life concerns.

↗ GRI 306-2

Management of significant waste-related impacts

### End-of-life perspectives for wind turbine blades



### Limitations or concerns with present end-of-life methods

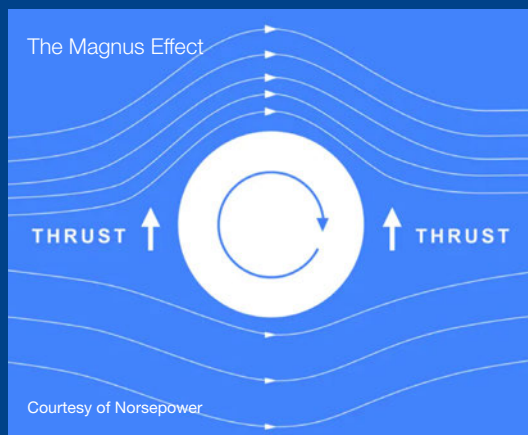
- Difficult to de-compose composites that have to last and perform for decades under very challenging climatic conditions
- Lack of proven and robust methods
- Energy-intensive processes
- What is the most sustainable solution?
- Second life: repurposing materials for shelters, bridges, coastal protection, noise barriers...
- Landfills

## Rotor sails reducing the environmental impact of shipping



Norsepower Rotor Sails are a new solution for the growing need for more sustainable shipping. These rotor sails are a modernised version of the Flettner rotor, which takes advantage of the Magnus effect to generate aerodynamic force and assist in propelling the vessel forward.

A Flettner rotor is a smooth cylinder with disc end plates which is spun around on its long axis. It works to generate aerodynamic force through the effect of the wind. As the wind meets the rotor the airflow accelerates on one side of the rotor sail and decelerates on the opposite side. This change in the speed of airflow creates the Magnus effect which results in a pressure difference. This difference in turn creates a lift force perpendicular



to the wind flow direction helping to propel the vessel, increasing its fuel efficiency and reducing the shipping industry's carbon footprint.

### Lightweight composites reviving the Flettner rotor

The idea of a Flettner rotor on a ship is not new, first being trialled in 1924. The concept was proven viable but back then it took an inefficient amount of energy to turn the 15m tall metal cylinders and was largely discontinued. Today, thanks to the much lower weight of the cylinders due to cutting edge advanced composite materials and technology, Norsepower has revisited this concept, proving successful in reducing fuel costs by 5-30% and CO<sub>2</sub> emissions by the same.

The rotor was produced using Gurit's environmentally friendly structural PET core, Kerydn™ Green, which is produced using up to 100% recycled materials, as well as PRIME™ 27 epoxy infusion system, Spabond™ 340LV adhesive, and the Ampreg™ 31 epoxy laminating system. Today, various tanker, cargo and cruiship vessels are already operating with rotor sails.



The Norsepower rotor sail lightweight solution has won the 2020 JEC Innovation award in the "Maritime Transportation & Shipbuilding" category. Norsepower, Comaxel and Gurit are proud of this recognition of their successful cooperation and innovative solution to lowering carbon emissions of the maritime transport sector.





### How does a Rotor sail work?

When wind conditions are favourable, the Rotor Sails allow the main engines to be throttled back, saving fuel and reducing emissions while providing the power needed to maintain speed and voyage time. A variable electric drive system, which is powered by the ship's low voltage network, is used for rotating the Rotor Sail.

When wind meets the spinning Rotor Sail, the air flow accelerates on one side of the Rotor Sail and decelerates on the opposite side of the Rotor Sail.

The change in the speed of air flow results in a pressure difference, which creates a lift force that is perpendicular to the wind flow direction.

Learn more: <https://youtu.be/FUCShEXkpL8>



“Our vision is to set the standard in bringing sails back to ocean transportation, and empower shipping towards reaching the goal of zero carbon emission.

The ability to harness the wind as an additional power source is a natural next step for the maritime transport industry as it seeks to remain cost-efficient and meet environmental regulations. We appreciate highly Gurit's and Comaxel's effort in supporting Norsepower during the last years with the development of the composite rotor, which is the key component in the Rotor Sail system.”

**Jarkko Väinämö**


COO, Norsepower Oy Ltd



## Social policy statement







**Human rights:** We respect the protection of human rights. We require the same from our suppliers and avoid any complicity in human rights abuses.

**Labour:** We uphold the principle of equal pay for equal work; we do not tolerate any form of forced and compulsory labour or child labour. We do not tolerate discrimination with respect to employment and occupation.

**Procurement:** We commit to responsible procurement practices, evaluate regional or local sourcing options and also commit to dual-sourcing to protect our business continuity. Sustainability criteria are an integral part of supplier standards and supplier audits.

**Employer branding:** We want to be an employer of first choice with satisfied, motivated employees. We uphold the benefits of having a diversified workforce and want to attract and employ the best talents, regardless of gender, age or background.

**Corporate Social Responsibility:** We encourage our operations to support and engage with the local community, according to pre-established and transparent criteria.

# Social responsibility

The strength of our company lies in its workforce. Responsible Employment Practices are of the highest priority for Gurit. Attracting, training and retaining a highly skilled, motivated and performing workforce is key for the Group's current and future success. In 2020, Gurit implemented an Employer Branding initiative with the objective of having a diversified workforce, and employing the best talents regardless of gender, age or background. The initiative involves improved internal and external communication of opportunities, highlighting and giving credit to different work profiles, career paths and opportunities available. The initiative also addresses the introduction of an improved talent management software and enhanced communication of available job opportunities internally and externally.

## Workforce by Employment Contract

As of December 31, 2020, Gurit employed 2 951 staff members, as compared to 3 027 in 2019.

	2020	2019	2018
Permanent contract*	2 831	2 878	2 377
Temporary contract*	120	149	478
<b>Gurit total workforce*</b>	<b>2 951</b>	<b>3 027</b>	<b>2 855**</b>
Apprentices, Interns	15	38	8
Workers/Contractors	174	298	174
Full-time*	2 860	2 953	2 793**
Part-time*	91	74	62

## Employees by Gender\*

Gurit promotes gender diversity and strives to give employees equal opportunities to take on more responsibility in management functions regardless of gender. In 2020, a dedicated Employer Branding initiative supported this objective with the introduction of improved software and enhanced internal and external communication of available career paths and job profiles. In 2020, women represent 19 percent of the staff.

	2020		2019		2018	
	Male	Female	Male	Female	Male	Female
Executive Committee	9	–	8	–	5	–
Senior Management	58	15	28	2	25	4
Middle Management	130	44				
Further Staff	2 189	506	2 481	508	2 365	456
<b>Total Staff</b>	<b>2 386</b>	<b>565</b>	<b>2 517</b>	<b>510</b>	<b>2 395**</b>	<b>460</b>
In percent	81%	19%	83%	17%	84%	16%

## Employees by Age Structure\*

	2020			2019			2018		
	Age under 30 years	Age 30 to 50 years	Age above 50 years	Age under 30 years	Age 30 to 50 years	Age above 50 years	Age under 30 years	Age 30 to 50 years	Age above 50 years
Executive Committee	–	4	5	–	3	5	–	1	4
Senior Management	–	49	18						
Middle Management	6	132	42						
Further Staff	628	1 761	306	743	1 922	354**	704	1 821	325
<b>Total Staff</b>	<b>634</b>	<b>1 946</b>	<b>371</b>	<b>743</b>	<b>1 925</b>	<b>359</b>	<b>704</b>	<b>1 822</b>	<b>329**</b>
In percent	21%	66%	13%	25%	64%	11%	25%	64%	11%



“We uphold gender diversity as a critical success factor for our business. Our ambition to achieve gender balance has now been systematically integrated into our recruitment strategy.”

**Debbie Smith**

HR Business Partner Marine/Industrial

“In 2020, we strengthened our Talent Management Strategy. We want to be an employer of first choice for all genders, ethnic groups, orientations and professions. A strong and diverse global workforce will allow us to address the market challenges of tomorrow.”

**Hannes Haueis**

Head of Group Human Resources



\* excluding apprentices, trainees, interns and agency workers/contractors

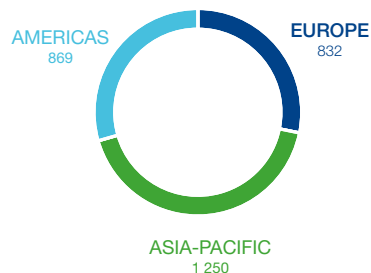
\*\* rectification as the “Board of Directors” not counted in total staff.

## Employees by Region\*

The Group employs a workforce that is composed of some 38 different nationalities. It is a Gurit ambition to staff local sites with local leadership. With three exceptions, all operational sites globally are staffed with senior managers who are citizens of the country in which the production sites are located.

\* excluding apprentices, trainees, interns and agency workers/contractors

➤ GRI 102-8 Information on employees and other workers



## Training and Education

Training and continued education allow employees to have the skills required for their specific job and offer development opportunities. Giving employees regular access to training is a key element of the company's Human Resources strategy. Topics covered include a wide thematic range, such as the Gurit Code of Conduct, strategy, cybersecurity, data protection, leadership programs to develop people management, as well as safety trainings, specific product information and many more topics related to particular responsibilities. Data relating to training has been collected for the November 1, 2019 to October 31, 2020 reference period. One site has been excluded because no data could be collected for operational reasons.



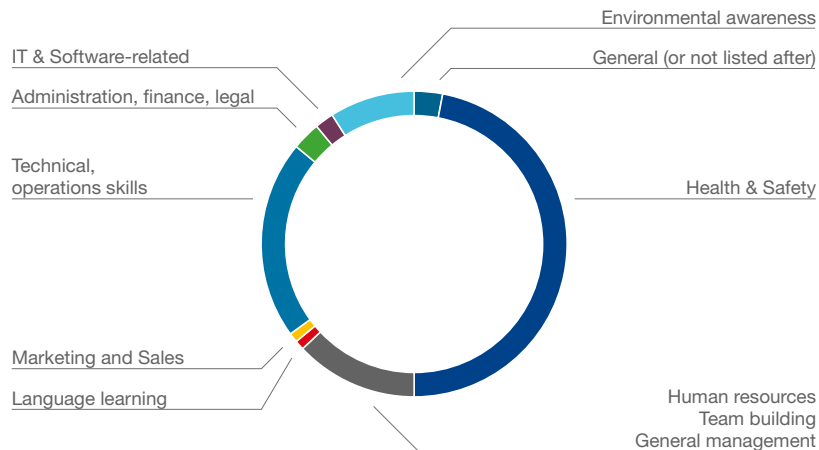
The average hours of training amount to 16.70 hours per employee per year for all types of training. This average is 17.19 hours for male employees and 14.67 hours for female employees. In terms of employee categories, the average hours of training are 2.13 hours for Executive Management, 10.43 hours for Senior Management, 28.04 hours for Middle Management and 16.19 for the "Other" category.

➤ GRI 404-1 Average hours of training

## Health- and safety-related training

Training for health and safety amounted to an average of 7.79 hours per employee in 2020 as compared to 6.15 in 2019.

## Distribution of training according to type



Following further investment in its IT infrastructure, Gurit has increased the usage of the Learning Management System by 79.6% year on year. The system was a helpful factor supporting the company's resilience during the pandemic, is now available to employees in all locations and covers a wide range of topics. 2 930 courses were completed with employees spending an average of 5 hours learning via the platform. Of the courses completed, male employees spent on average 3.19 hours and female employees spent on average 7.01 hours. Regarding the employee categories, the average hours spent on eLearning are 1.5 hours for Executive Management, 3.9 hours for Senior Management, 4.0 hours for Middle Management and 4.8 hours for the "Other" category.

## Performance and Career Development

Career development and performance reviews are further cornerstones of Gurit's Human Resources strategy. At some sites, all employees have a career development and performance review at least once per year. This is the opportunity to review their job description, main goals, job requirements and new courses to attend, and also to evaluate the employee's performance and complete the competence matrix. Constantly advancing the talents and skills of the employees, listening to them and supporting their development is very important for Gurit.

From November 1, 2019 to October 31, 2020, the global percentage of employees receiving a Performance and Career Development Review is 52.19%, higher for female employees (74.75%) than for male employees (46.76%). The distribution by employee category is as follows: Executive Management: 66.67%, Senior Management: 92.96%, Middle Management: 91.43% and Other Employees: 48.64%. No comparison with the previous year is available as the data had not yet been collected. Furthermore, the COVID-19 pandemic may have negatively impacted the face-to-face meetings usually representing an essential part of performance and career development reviews.

➤ GRI 404-3 Performance and career development review

## Equality and transparency

Gurit wants to be an employer of first choice with satisfied, motivated employees and an attractive work environment. Gurit is committed to fair and equal employment for all its employees regardless of their gender, age and origin, and do not tolerate any discrimination with respect of employment and occupation. Benchmarking of salaries and grading, which was started in 2015 together with a renowned external service provider, further progressed over the course of the year 2020 with the overall target to create transparency, to benchmark Gurit's compensation practice with industry standards, and to further develop internal career development paths. Based on 12 criteria, the Gurit Human Resources department assessed the entire organisation processes relating to equal pay for equal work compliance. There is no site which shows gaps or any discriminations, with all processes set up and executed in a gender-neutral manner.

In 2020, Gurit performed a compensation analysis, comparing male with female staff members. The categories reviewed were a.) Senior Management b.) Professionals c.) Middle Management d.) Front Line Leaders e.) Experts (bonus level 3, 4 and 5). Shopfloor staff has not been covered by this analysis.

The results of the benchmark reviews conducted confirmed that Gurit fulfils the key criteria for equal pay for equal work; All locations which have to provide an annual "gender equality reports" due to legislation requirements are fulfilling the requirement. As a next step the Gurit Human Resources and Controlling departments will audit the outcome internally and will do comparisons between compensation discrepancies.

➤ GRI 405 Diversity and equal opportunity

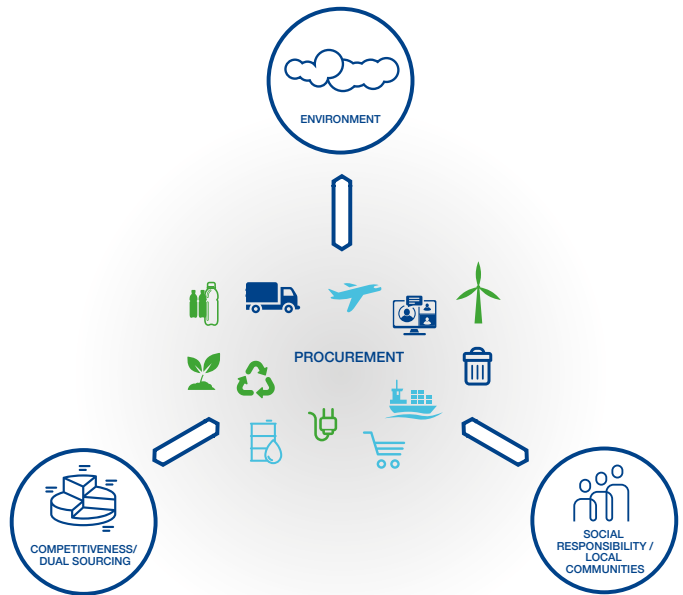
## Incidents of discrimination and corrective actions taken

No incidents of discrimination have been reported by the sites. In 2021, a dedicated workgroup on Equality and Diversity will be set up and identify potential areas of action regarding the enhancement of diversity and the identification of any discrimination in respect of employment and occupation.

➤ GRI 406-1 Incidents of discrimination and corrective actions taken

## Responsible supply chain

Our various supply chains are a vital part of our business, providing us with resources to operate. Sustainability must cascade down the entire value chain, in terms of the environment, social standards, but also regards to economic performance to guarantee competitiveness and business continuity. In terms of our greenhouse gas emissions, we currently estimate that our supply chain generates more than two-thirds of our footprint, both in terms of materials and services purchased, as well as the related transportation. The most significant contribution stems from carbon fibre, a material requested by our customers and currently difficult to replace due to its specific properties. Furthermore, different criteria need to be evaluated and prioritised, for example: is it more important for us to source locally and avoid transport emissions, or do we give preference to a bio-based material with longer transportation routes? In 2021, Gurit will set up a workgroup to further analyse its supply chain and related impacts, and how to monitor and promote social, environmental standards, among other criteria.



### Supplier Standards

Supplier standards of the Gurit Group are formalised in writing in Gurit's general Terms and Conditions. Obligations explicitly referred to are the compliance with environment, health & safety laws as well as anti-corruption laws and human rights. A Modern Slavery Statement is available on the Gurit website:

[www.gurit.com/About/Sites--Locations/Site-Certificates](http://www.gurit.com/About/Sites--Locations/Site-Certificates)



“The largest part of our greenhouse gas footprint is in our supply chain. For me, a sustainable supply chain combines ethically, socially and environmentally responsible practices with economic and sourcing reliability considerations.”

**Andreas Kipker**

Member of the Executive Committee

## Supplier Audits

Gurit assesses and monitors suppliers for compliance with the Group's Code of Conduct, standards and regulations. This monitoring is done by the Global Procurement department in collaboration with the Regulatory Compliance Officer. Supplier audits are carried out on a risk basis during the reporting period. The Global Procurement department carries out an ethical audit as part of a supplier selection process. A formal supplier approval process exists and as part of that, a supplier categorisation tool which is used to rate suppliers and categorise the audit requirements. The tool supports the management of suppliers by defining audit requirements. The Supplier Quality Engineer also conducts sustainability audits.

## Supplier Non-Compliance

Supplier non-compliance is controlled at site level and Non-Conformity-Requests (NCR) reports, scorecards and supplier evaluations are carried out as a result. The process differs by site but in 2019, a process was initiated to bring these into line in 2020.

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➤ GRI 102-9	Supply Chain
➤ GRI 204	Procurement Practices

## Human rights

Gurit strives to be a good corporate citizen in the local communities in which we are active.

No complaints regarding infringements of Human Rights or issues related to Child Labour were brought forward to the Chairman of the Audit and Corporate Governance Committee in the reporting period. No legal actions were proceeded or pending, and no fines or non-financial penalties related to non-compliance. Overall compliance with the Code of Conduct is subject to selected internal audits. Furthermore, the Executive Committee submits an annual report on compliance to the Board of Directors. General Terms and Conditions of contracts generally include a reference to Gurit's Code of Conduct and related commitments to Human Rights and the rejection of Child Labour.

The Global Procurement Team has not identified suppliers at significant risk of child labour, forced labour or human rights infringements and no incidents were reported. Due to the COVID-19 pandemic, travel activity has been kept to a minimum: this includes visits to suppliers and business partners.

Staff are trained on Gurit's commitment as part of a mandatory internal electronic learning course on the Code of Conduct. Gurit adopted a new Sustainability Policy in December 2020 and dedicated workstreams will review the need for additional action, audits or trainings throughout 2021.

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➤ GRI 412	Human Rights Assessment
➤ GRI 412-1	Operations that have been subject to human rights reviews or impact assessments
➤ GRI 412-2	Employee training on human rights policies or procedures
➤ GRI 408-1	Operations and suppliers at significant risk for incidents of child labour
➤ GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour



## Local community involvement & Sponsorships

Gurit sites have been involved with local communities via smaller events, raffles, walks and charity projects. Nine sites reported financial assistance given to local communities in the form of donations for earthquake victims, child vaccinations, hospitals and red cross institutions. Some sites also provided in-kind donations in the form of seeds or safety equipment.

The focus of Gurit's general sponsorship commitments is the support of research and development activities in the advanced composites industry, mainly via sustainable ventures, academic institutions and composites-related student projects, as well as industry events, within the Group's target markets. When deciding which projects and activities to support, emphasis is placed on sustainability as well as high ethical and moral standards. The amount of sponsorships provided in cash or in-kind in the form of composite materials amounted to CHF 90 707 during the November 1, 2019 to October 31, 2020 reporting period.

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➤ GRI 102-12      External initiatives  
 ➤ GRI 102-43      Approach to stakeholder engagement

## Membership of associations

Gurit and some of its subsidiaries participate in local and national organisations as well as industry associations. The individual involvements, however, do not constitute strategic memberships or imply substantial funding beyond routine membership fees. Gurit sites reported a total of 42 memberships of associations, as compared to 32 in 2019. The main categories were composites industry associations, national employer associations and memberships in chambers of commerce or similar associations.

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➤ GRI 102-13      Membership of associations

## Collective bargaining


Gurit grants its employees freedom of association and recognises this as an international human right. Gurit complies with all relevant local rules and legislations regarding employees' freedom of association and the right to collective negotiation. No complaints, concerns or violations were reported at any of the Group's global sites or the Whistleblowing hotline in 2020. Gurit subsidiaries have reported to have maintained or entered into seven different collective bargaining agreements. The local legislation of some operations in Asia may limit the legally accepted forms of collective bargaining.

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

# Good Governance





**Acting legally:** Gurit and all Gurit employees fully comply with the laws of their respective countries.

**Transparency:** We provide open, truthful and equal information to all parties at the same time.

**Respect:** We care for people and for the natural environment. We take responsibility for all corporate actions regarding the environment, health and safety. We report all incidents and accidents regarding environment, health and safety.

**Compliance:** We adhere to a high standard of Business Ethics. We comply with competition law requirements. We neither give nor accept benefits or lavish gifts of hospitality that could distort judgement. We avoid conflicts of interest and act in compliance with data protection laws. We document any waivers and exceptions.

**Employer Branding:** We are an attractive employer committed to fair, non-discriminating human resource practices.

**Code of Conduct:** We act in compliance with the Gurit Code of Conduct and report breaches of the Code immediately.

# Good Governance

Good governance at Gurit is characterised by accountability, transparency, diversity and meaningful participation as well as risk management and an effective compliance function.

The key principles and regulations regarding Corporate Governance at Gurit are defined in the Statutes of the Company as well as in the organisational regulations. The Board of Directors checks these documents on a regular basis. The key principles regarding Corporate Governance are based on the recommendations set out in the "Swiss Code of Best Practice for Corporate Governance" published by *economiesuisse*, the national federation of the Swiss business community. For information on the Company's governance structure and practice, see "Corporate Governance Report" chapter of the Gurit Annual Report 2020, available at [www.gurit.com/Investors/Reports](http://www.gurit.com/Investors/Reports) [www.gurit.com/About/Corporate-Governance](http://www.gurit.com/About/Corporate-Governance)

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➤ GRI 102-18	Governance structure
➤ GRI 102-22	Composition of the highest governance body and its committees
➤ GRI 102-23	Chair of the highest governance body
➤ GRI 102-24	Nominating and selecting the highest governance body
➤ GRI 102-25	Conflicts of interest

In the same publication, the Compensation Report provides accountability for the remuneration of Senior Management.

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➤ GRI 102-35	Remuneration policies
➤ GRI 102-36	Process for determining remuneration
➤ GRI 102-37	Stakeholders' involvement in remuneration

Additional elements of Gurit's approach to Good Governance are outlined here.

## The Gurit Code of Conduct

Gurit has adopted its own Code of Conduct that sets the ethical standards and principles to guide decision-making and behaviour in daily operations. Gurit also expects its suppliers and business partners to adhere to the applicable aspects of its Code of Conduct, and this is written, when possible, into our contractual documents.

1. Gurit and all Gurit employees fully comply with the law
2. Gurit provides open, truthful and equal information to all parties at the same time
3. Gurit cares for people and for the natural environment
  - 3.1. Individual responsibilities
  - 3.2. Corporate EH&S actions
  - 3.3. EH&S reporting
4. Gurit adheres to a high standard of Business Ethics
  - 4.1. Gurit complies with competition law requirements
  - 4.2. Gurit neither gives nor accepts benefits, or lavish gifts of hospitality that could distort judgement
  - 4.3. Gurit Customers and Suppliers are expected to adhere to this Code of Conduct where applicable
5. Gurit is an appealing employer committed to fair, non-discriminatory HR practices
6. Gurit and Gurit employees avoid conflicts of interest
  - 6.1. Outside activities
  - 6.2. Use of assets
  - 6.3. Confidentiality
  - 6.4. Data privacy
7. Documentation and granting of waivers and exceptions
8. Compliance with the Code

The Code of Conduct and further information on the Corporate Governance Policy at Gurit are available in the Corporate Governance chapter of the Gurit Annual Report:

[www.gurit.com/About/Corporate-Governance](http://www.gurit.com/About/Corporate-Governance)

### Advice and whistle-blowing

For advice on the Code or in case of concerns about or evidence of violations, employees must seek guidance from their direct managers, Group management or the Audit and Corporate Governance Committee of the Gurit Board of Directors. All requests are treated confidentially. Furthermore, the Chairman of the Audit and Corporate Governance Committee can be contacted in full anonymity in order to raise concerns.

The Audit and Corporate Governance Committee is currently chaired by Board Member Dr. Stefan Breitenstein. He can be contacted at the Lenz & Staehelin Swiss law firm, Bleicherweg 58, CH-8027 Zurich, Switzerland. Phone +800 4546 4546, Fax +41 (0)58 450 80 01, e-mail: [stefan.breitenstein@lenzstaehelin.com](mailto:stefan.breitenstein@lenzstaehelin.com)

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➤ GRI 102-33 Communicating critical concerns  
➤ GRI 102-17 Mechanisms for advice and concerns about ethics

### Compliance review

No violations with regard to conflicts of interest or non-compliance with any of the standards set forth in the Gurit Code of Conduct were identified or reported to the Chairman of the Audit Committee.

No legal actions were proceeded or pending, and no fines or non-financial penalties related to non-compliance with any anti-corruption, anti-competitive behaviour, anti-trust and monopoly practices were imposed in 2020.

Overall compliance with the Code of Conduct is subject to internal audits. Furthermore, the Executive Committee submits an annual report on compliance to the Board of Directors.

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➤ GRI 419 Socioeconomic Compliance

## Vision, Mission and Values

The company's vision, mission and values provide further guidance for both long-term direction and daily business conduct and company culture.

### Vision:

With passion for a sustainable future

### Mission:

Gurit's mission is in wind energy and lightweighting. Gurit is a system partner for wind energy customers globally, with focus on the wind turbine blade. With our unique offerings and in-depth understanding of the value chain, we help to increase wind energy competitiveness and promote its sustainable growth. For lightweighting applications, we use our knowledge and expertise to provide high-performance materials and engineering.

### Core values:

Safety first; Customer focus; Successful together; Resourcefulness; Sustainability

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➤ GRI 102-16 Values, principles, standards and norms of behavior



## Organisational responsibilities for sustainability

In December 2020, Gurit defined the organisational responsibilities for sustainability and defined them as follows.

Role	Responsibility	Action
Board of Directors	OVERSEES sustainability strategy	Annual review
CEO & Executive Committee	DEFINES & CONTROLS: Sustainability strategy, execution/implementation, target setting, measurement/controlling	Quarterly update Annual review Materiality assessment every 3 years
Business Unit Manager	IMPLEMENTATION of strategy	
Site Manager	Local IMPLEMENTATION	Monthly reporting (KPI) Quarterly / annual reporting
Sustainability Manager	COORDINATION of implementation & reporting	Sustainability Report (annual) ESG rating questionnaires
Sustainability workstream delegates	Cross-functional committees working on standards & KPI setting, reporting, support BUs/sites	Quarterly progress reports & recommendations to EC
Dedicated officers – Health & Safety – Environment – Data protection	Dedicated specialist support functions at BU or site level to support implementation	Based on site-specific job profiles & Group standards & ISO certification requirements

↗ GRI 102-20 Executive-level responsibility for economic, environmental and social topics

↗ GRI 102-32 Highest governance body's role in sustainability reporting

## Sustainability Controlling

As part of its new Sustainability Policy, Gurit has defined a sustainability controlling framework. Implementation will start in 2021 with the objective to measure performance and embed sustainability effectively in all parts of the organisation.

Review processes include an Annual Board review of the Sustainability Strategy and Sustainability Reporting. The Executive Committee reviews sustainability performance regularly in monthly, quarterly and annual meetings. Environmental, social and economic topics are reviewed annually, analysed for materiality, prioritised and included in action plans.

↗ GRI 102-31 Review of economic, environmental and social topics

↗ GRI 102-32 Highest governance body's role in sustainability reporting

## Sustainability controlling

**SAFETY FIRST**

Report on progress;  
Actions taken  
KPI: LTAR; LTI  
Management Systems  
Certifications  
Trainings; Audits

**ENVIRONMENTAL  
PERFORMANCE**

Report on progress  
Emission data,  
Carbon footprint,  
Resource utilisation  
and waste  
Certifications,  
Management Systems

**SOCIAL  
PERFORMANCE**

Report on progress  
Management Systems  
Audits / Actions taken

**GOVERNANCE**

Report on progress  
Management Systems  
Audits / Actions taken

**ECONOMIC  
PERFORMANCE**

Annual Financial  
Report  
Risk Management  
Reviews  
Report on progress  
Quality, NCR  
Innovation: KPI tbd

**MANAGEMENT  
SYSTEMS**

Management Systems  
Policies  
Certifications  
Data collection

**FORMAL REVIEWS**

Board: annual  
EC: quarterly / SSC:  
monthly  
BU: monthly  
Materiality assessment  
(every 3 years)  
Sustainability process  
cycle  
Workstreams:  
quarterly report/ re-  
commendations to EC

**EXTERNAL  
REPORTING**

Annual Sustainability  
Report  
According to GRI;  
UNGP  
Selected ESG  
questionnaires

## Approach to Tax

Gurit has documented internal procedures and handbooks on how to handle tax matters correctly and in line with the relevant legislations as well as the applicable OECD standards. This documentation is used for local tax audits. This also applies to transfer pricing of cross-border, intra-firm transactions. Gurit is listed on the Swiss stock exchange and reports its financial figures according to Swiss GAAP FER accounting standards. These standards provide a true and fair view of the results of operations, cash flows and the financial situation. Gurit does not maintain legal entities in offshore low-tax jurisdictions.

➤ GRI 207-1 Approach to tax

## Tax Governance

A tax governance and control framework exists in the form of internal guidelines and accounting manuals that are also used for tax audits with authorities.

Gurit's Audit and Corporate Governance Committee consists of non-executive members of the Board of Directors. It assists the Board in its supervisory financial duties and checks the effectiveness and performance of the external auditors. It also oversees the financial reporting processes within the Group, including taxes. The Chairman of the Audit and Corporate Governance Committee acts as an independent contact for any concerns and advice on the Gurit Code of Conduct; this includes unlawful behaviour and threats to the company's integrity in relation to tax.

➤ GRI 207-2 Tax governance, control and risk management

## Compliance with Laws

During the reporting period, Gurit has not identified any non-compliance with laws or regulations in the social and economic area.

No incidents of non-compliance with environmental laws and regulations were reported by the sites. A public enquiry is pending with regards to a former site and its waste disposal during a period prior to the site being owned by Gurit.

➤ GRI 419-1 Non-compliance with laws and regulations in the social and economic area  
➤ GRI 307-1 Non-compliance with environmental laws and regulations

## Corruption and bribery

Selected operations were assessed for risks related to corruption as part of ordinary internal audit or due diligence procedures. Communication about anti-corruption policies and procedures is part of employee onboarding and refreshers of the Gurit Code of Conduct online training course. In 2020, there were no confirmed incidents of corruption nor actions taken.

➤ GRI 205 Anti-corruption

## Political Donations and Lobbying

The Group makes no political donations and does not support any political party, neither directly nor indirectly or with in-kind contributions. Gurit has not engaged in lobbying activities and has not paid third-party intermediaries to engage in lobbying activities to influence public policy on behalf of Gurit beyond regular membership fees in industry associations.

➤ GRI 415-1 Political contributions  
➤ GRI 415 Public Policy



### Financial Assistance Received from Government

During the reporting period, the financial assistance received from governments amounted to 0.6 million CHF in total from the governments of Canada, China, Spain, Turkey and the United Kingdom. These financial contributions were mainly awarded for innovation, funds or tax credits for research & development, a grant for CAPEX and leasing costs, a scholarship for an industrial PhD, and a discount awarded for submitting declarations and payments in time.

Additionally, various countries provided COVID-19 relief assistance to companies and workers under different schemes. For details see the Gurit Annual Report 2020, p. 160, note 4.



➤ GRI 201-4 Financial assistance received from government

### Customer Information and Data Management

Gurit informs stakeholders regularly about product developments and organisational updates by means of ad hoc media releases as well as newsletters. Management of customer data on an overall level and for distribution of newsletters takes place in compliance with relevant legal requirements related to data protection and security. Customers are able to opt out of all push communication activities at all times. No data leaks were identified and no complaints from customers regarding infringements of privacy were received in 2020.

Gurit has a designated GDPR data officers who conducted audits. Gurit complies with the General Data Protection Regulation (GDPR). The 2016/679 regulation is part of an EU law on data protection and privacy in the European Union and the European Economic Area. Gurit Group staff members are trained via a mandatory online course in its online Learning Management System (LMS).

Contact at Gurit regarding data protection:  
[dataprotectionoffice@gurit.com](mailto:dataprotectionoffice@gurit.com)

➤ GRI 418 Customer Privacy


“As a global company with multi-national sites, Good Governance is key to Gurit's success and cemented by our own Vision, Mission and Values. With our efforts in risk management and controlling, we are proud to be able to contribute to this pillar of Gurit's sustainability strategy.”

**Patrick Sparer**  
 Head Group Controlling

## Sustainable economic performance policy statement



photo credit: Gauthier Lebec/Charal Racing



**Economic sustainability:** We understand economic sustainability as long-term economic growth without negative impact on the environment, or social or cultural customs.

**Financial targets:** We set financial targets and report them in full transparency in compliance with recognised standards and in line with the Swiss stock exchange regulations. We foster a solid long-term sustainable financial performance according to our strategies.

**Risk management:** We conduct risk assessments to analyse and evaluate financial, environmental, social, operational and reputational risks. We continuously monitor and reduce the probability and financial impact of our top ten business risks.

**Quality:** We apply quality management systems to maximise efficiency and productivity; minimise waste; ensure customer satisfaction and loyalty; and protect our brand reputation. We continuously monitor our quality performance and seek to improve our non-conformity requests (NCRs) annually.

**Resourcefulness:** We use all our resources in the most effective way possible to achieve objectives as outlined in our strategies. We make efficient use of resources, energy and capital.

**Innovation:** We foster innovation and encourage the development of intellectual property.

# Economic performance

Gurit embraces the understanding that doing business built on dependable environmental practices is essential to financial success with customers, investors, and the global communities in which we operate. We acknowledge the value of sustainability not only in regard to our own responsibility to the environment, but also to our customers who strive for a more responsible solution to manufacturing. Our objective is to serve our customers with solutions that meet their own sustainability goals, and as such we will continue to achieve economic success in our markets by providing materials that fulfill our customers' own objectives for environmental responsibility.



“Sustainability is part of our vision and our financial health provides the foundation for a sustainable performance over the long run.”

**Philippe Wirth**  
CFO

## Customer focus

Gurit supplies a global customer base from manufacturing and distribution sites in Australia, Canada, China, Denmark, Ecuador, Germany, India, Indonesia, Italy, Mexico, New Zealand, Poland, Spain, Switzerland, Turkey, the United Kingdom and the United States. In addition, Gurit maintains partnerships with distribution partners worldwide.

Types of customers range from small family enterprises to large multinational corporations and OEMs of the global wind turbine industry.

"Customer focus" is one of our core values and bringing the best value to customers has been a priority for Gurit since the very beginning. To achieve this target, Gurit supports its global customer base in achieving their performance and cost-reduction targets and in deriving many benefits from the transformation of traditional structures into lightweight and durable solutions. On-site technical support, as well as product and process training related to the correct and safe handling and use of the Group's products, form an essential part of this aim. Distributors are included in these training activities as part of the Group's overall customer health and safety efforts as their knowledge and advice plays an important role in regions where Gurit is not represented by local sales and technical support offices.

## Resourcefulness

Gurit has adopted "Resourcefulness" as a key company value. Gurit is working in very competitive industries. We want to achieve the agreed goals by using our resources effectively.

## Quality

Gurit maintains Quality departments at all production sites and operates management systems to monitor and manage quality and the delivery of products according to customer specifications. In monitoring quality, Gurit aspires to achieve an On-Time-In-Full (OTIF) rate of 99% for its confirmed deliveries. Due to the high market demand and raw material shortage, this value was far below Gurit's ambitions and was only achieved by two business units. In 2020, Gurit achieved an OTIF rate of 95.5%, with the ambition to further improve in the future.



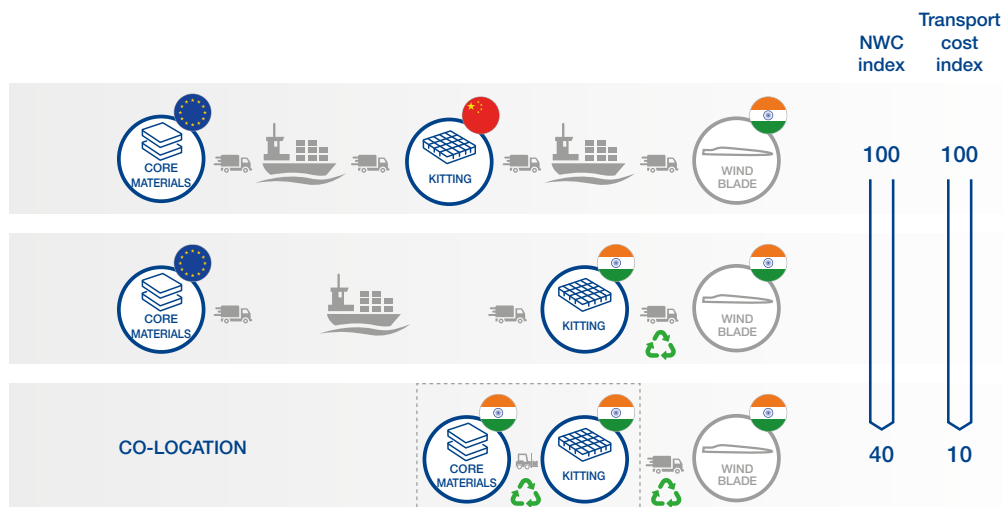
"Our engineering team spent more than 3 000 hours on designing a large mold for wind blade tooling. I am proud to be part of a project that helps further improve efficiency and reduce the cost of clean renewable energy."

**Lu Jialin**

Engineering Manager

## Co-location strategy to reduce net working capital

Gurit's co-location strategy delivers a wide range of benefits, ranging from reduced transportation and related emissions, to a significant reduction of waste and increased use of recycled materials. In economic terms, this translates into significantly lower costs and a reduction of net working capital, as the material reaches the customer much faster, instead of spending days in storage and transportation.



Co-location – aligning manufacturing footprint to market needs



# Gurit’s approach to Sustainability Reporting

This report has been prepared in accordance with the GRI Standards: Core option. This Standard is issued by the Global Sustainability Standards Board (GSSB). The full set of GRI Standards can be downloaded at [www.globalreporting.org/standards](http://www.globalreporting.org/standards)

➤ GRI 102-54      Claims of reporting in accordance with the GRI Standards

## Scope of sustainability data and reporting practice

Gurit has adopted an annual reporting cycle and publishes its sustainability report at the same time as its financial statements. The reporting period is the 2020 calendar year as well as the previous two years where such data is available. For operational reasons, the reporting period for sustainability indicators such as education & training, greenhouse gas emissions, electricity and waste, has been set to November 1, 2019 – October 31, 2020. Unless otherwise specified, the data covers all locations of the Gurit Group, excluding any parts of the business listed as “discontinued” in Gurit’s financial statements.

For some indicators, the scope of data collection was substantially widened during 2020.

For greenhouse gas emissions reporting, some figures contain data that has been calculated based on assumptions that were deemed appropriate - by either internal experts or the contracted South Pole external greenhouse gas consultancy – for the intended use of reported information. Gurit has just started its green-

house gas accounting on a best-effort basis. The quality of data and reporting is expected to improve over time. The data in the Sustainability Report has not been externally verified. Gurit will be looking into further improving its sustainability data collection & reporting system, as well as related training over the coming years.

Gurit publishes its Sustainability Report 2020 available as a separate document and in parallel as a chapter of its Annual Report 2020. Both the Annual Report and the Sustainability Report contain cross-references and should be consulted together. The Annual Report is available for download on the Gurit website: [www.gurit.com/Investors/Reports](http://www.gurit.com/Investors/Reports)

➤ GRI 102-50      Reporting period  
➤ GRI 102-51      Date of most recent report  
➤ GRI 102-52      Reporting cycle

Significant changes to the organisation are reported in Gurit’s financial statements. In May 2020, the Composite Materials business unit was split into the two new Wind Materials and Marine & Industrial Materials business units. This organisational change has no impact on sustainability reporting.

➤ GRI 102-10      Significant changes to the organisation

The list of entities covered by this Sustainability Report are reported in Gurit’s financial statements as “continued business”. The sale of the discontinued automotive business in February 2020 has no impact on sustainability reporting.

➤ GRI 102-45      Entities included

## Material topics and contents of report

Gurit has assessed the materiality of sustainability issues in light of its business purpose, operational footprint, as well as its commitment to the UN Global Compact and the GRI Standards. On the basis of a materiality analysis conducted in 2017, involving the Company's Executive Committee as well as the Technology, Finance, Human Resources and Marketing departments, Gurit has reviewed its list of material topics in 2020. Based on stakeholder engagements, as defined below, Gurit has updated its Sustainability Materiality Index and added Climate neutrality as a priority.



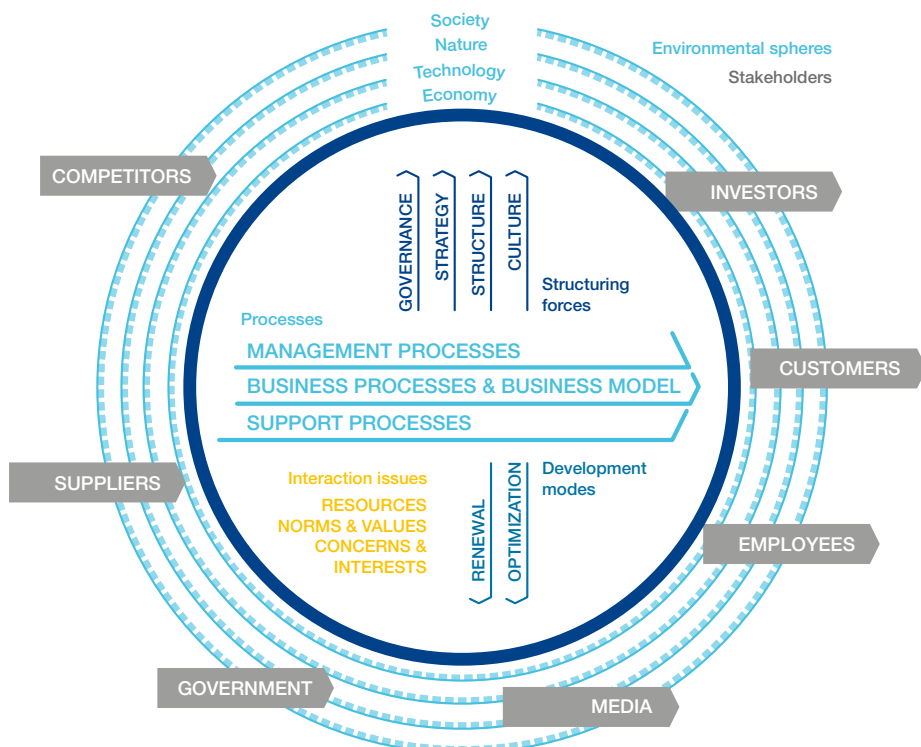
- |              |   |
|--------------|---|
| ➤ GRI 102-46 | Defining report content and topic boundaries                        |
| ➤ GRI 102-29 | Identifying and managing economic, environmental and social impacts |
| ➤ GRI 102-31 | Review of economic, environmental and social topics                 |
| ➤ GRI 301    | Materials   |
| ➤ GRI 302    | Energy  |
| ➤ GRI 402    | Labor/Management Relations  |



## Stakeholder inclusiveness

Customers, employees and workers, shareholders, suppliers, regional authorities and the public have been defined as main stakeholders who significantly influence or are influenced by the Company's business activities, products and services. Dedicated external stakeholder engagement systematically takes place with Shareholders at the Annual General Meeting. Engagement with the financial community took place at two media & analyst conferences, various roadshows and conferences. Further stakeholder expectations and interests are systematically taken into account. Primarily, this covers information regarding customer needs and expectations gathered through face-to-face meetings and customer surveys, as well as technical conferences, trade shows and participation in trade association events. The close and frequent communication of senior management, customer support, technical support and the sales organisation with customers and distribution partners facilitates a regular dialogue. Furthermore, Gurit has participated in industry events and conferences covering innovation, advances in material sciences and market developments.

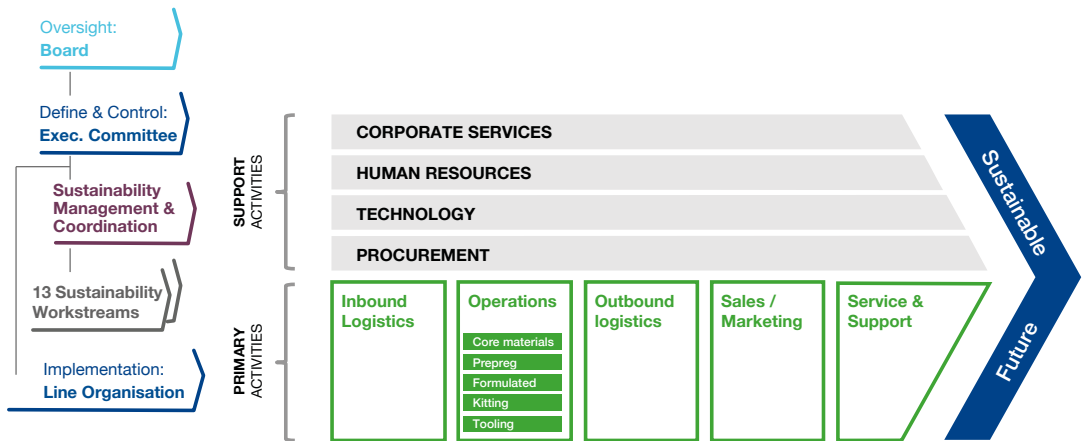
In 2019, Gurit conducted a Brand perception survey in the form of telephone interviews with customers and suppliers and via an online survey of over 150 employees. The findings have been discussed in a workshop with the Executive Management and were taken into consideration for Gurit's new Vision, Mission and Values introduced Group-wide starting in January 2020.



## Management approach

In December 2020, Gurit adopted a new Sustainability Policy which outlines the company's approach on how to manage sustainability-related topics, with a process to formally define and review set targets, clearly assigned roles and responsibilities and how to implement this within the organisation. The new Sustainability Policy will be rolled out during 2021.

### Implementation of sustainability within the organization



➤ GRI 103-2 Management approach

Implementation of this policy will require effort from multiple sources within the company, from the Board of Directors to Site Managers and committees. The Board of Directors will be responsible for reviewing the sustainability strategy on an annual basis. Following that review, the CEO and Executive Committee (EC) will define and control the strategy, determine appropriate means of execution, set targets and measure outcomes. The CEO and EC will update the Board quarterly on their work.

Next, Business Unit Managers will oversee the implementation of the strategy within their unit, with Site Managers having responsibility for local enactment of the plan, to include KPI reporting monthly to their BU Manager, along with quarterly and annual updates. A Sustainability Manager for Gurit has been appointed; it is this individual's responsibility to coordinate implementation and reporting across the company, complete ESG rating questionnaires, and compile the annual Sustainability Report. At the same time, cross-functional committees work on standards and KPI setting, reporting, and provide support to BU sites. These committees send quarterly progress statements and recommendations to the EC. Dedicated officers across the company overseeing the Health & Safety, Environment, and Data Protection aspects of the strategy, work at BU and site level based upon site-specific needs, Group standards, and ISO certification requirements.

# GRI Index

GRI Disclosure	GRI Standard Title	Reference* page number of Sustainability Report (SR) or Annual Report (AR)
<b>Organizational profile</b>		
102-1	Name of the organization	SR p. 67; AR p. 199
102-2	Activities, brands, products, and services	SR p. 66-67, 98-113; <a href="http://www.gurit.com">www.gurit.com</a>
102-3	Location of headquarters	SR p. 67; AR p. 199
102-4	Location of operations	SR p. 66; AR p. 178-181
102-5	Ownership and legal form	AR p. 23-24
102-6	Markets served	SR p. 66-67
102-7	Scale of the organization	AR p. 6-7
102-8	Information on employees and other workers	SR p. 118-120
102-9	Supply chain	SR p. 98-99, 106, 123-124
102-10	Significant changes to the organization and its supply chain	SR p. 138; AR p. 176
102-11	Precautionary Principle or approach	SR p. 59, 62, 81-82
102-12	External initiatives	SR p. 57-59; 125
102-13	Membership of associations	SR p. 125
<b>Strategy</b>		
102-14	Statement from senior decision-maker	AR p. 8, 16; SR p. 56-57, 82
102-15	Key impacts, risks, and opportunities	SR p. 58-59, 64-65
<b>Ethics and integrity</b>		
102-16	Values, principles, standards, and norms of behavior	SR p. 128-129
102-17	Mechanisms for advice and concerns about ethics	AR p. 28, 31; SR p. 129
<b>Governance</b>		
102-18	Governance structure	AR p. 22-39; SR p. 128
102-20	Executive-level responsibility for economic, environmental, and social topics	SR p. 130, 141; AR p. 31
102-21	Consulting stakeholders on economic, environmental, and social topics	SR p. 140, 71
102-22	Composition of the highest governance body and its committees	AR p. 22-39; SR p. 128, 130, 141
102-23	Chair of the highest governance body	AR p. 25; SR p. 130
102-24	Nominating and selecting the highest governance body	AR p. 22, 29; <a href="http://www.gurit.com/Governance">www.gurit.com/Governance</a>
102-25	Conflicts of interest	AR p. 22; 25-28; SR p. 128; <a href="http://www.gurit.com/Governance">www.gurit.com/Governance</a>
102-27	Collective knowledge of highest governance body	AR p. 25-27
102-29	Identifying and managing economic, environmental, and social impacts	SR p. 139
102-31	Review of economic, environmental, and social topics	SR p. 130, 139
102-32	Highest governance body's role in sustainability reporting	SR p. 130

GRI Disclosure	GRI Standard Title	Reference* page number of Sustainability Report (SR) or Annual Report (AR)
102-33	Communicating critical concerns	SR p. 129
102-34	Nature and total number of critical concerns	SR p. 129
102-35	Remuneration policies	AR p. 40-52; SR p. 128
102-36	Process for determining remuneration	AR p. 40-52;
102-37	Stakeholders' involvement in remuneration	AR p. 28, 41; <a href="http://www.gurit.com/Governance">www.gurit.com/Governance</a>
102-38	Annual total compensation ratio	AR p. 50-52, 150-151
<b>Stakeholder engagement</b>		
102-40	List of stakeholder groups	SR p. 140
102-41	Collective bargaining agreements	SR p. 125
102-42	Identifying and selecting stakeholders	SR p. 139-140
102-43	Approach to stakeholder engagement	SR p. 125, 71
102-44	Key topics and concerns raised	SR p. 137, 98-115
<b>Reporting practice</b>		
102-45	Entities included in the consolidated financial statements	SR p. 138
102-46	Defining report content and topic Boundaries	SR p. 139
102-47	List of material topics	SR p. 139
102-48	Restatements of information	SR p. 138, 96, 76
102-49	Changes in reporting	SR p. 138-139
102-50	Reporting period	SR p. 138
102-51	Date of most recent report	SR p. 138 (March 2021)
102-52	Reporting cycle	SR p. 138 (annual)
102-53	Contact point for questions regarding the report	SR p. 145
102-54	Claims of reporting in accordance with the GRI Standards	SR p. 138
102-55	GRI content index	SR p. 142-144
102-56	External assurance	SR p. 138, 132, 90
<b>Management Approach</b>		
103-1	Explanation of the material topic and its Boundary	SR p. 139, 56-65
103-2	The management approach and its components	SR p. 130-131, 141, 56-65
<b>Economics</b>		
201-1	Direct economic value generated and distributed	AR p. 7, 21, 147, 160, 164,
201-2	Financial implications, risks and opportunities due to climate change	SR p. 137; AR p. 10-11, 16-17
201-4	Financial Assistance Received from Government	SR p. 133; AR p. 160
202	Market Presence	SR p. 66-67; <a href="http://www.gurit.com">www.gurit.com</a>
204	Procurement Practices	SR p. 124
205	Anti-corruption	SR p. 132
207-1	Approach to tax	SR p. 132
207-2	Tax governance, control and risk management	SR p. 132

GRI Disclosure	GRI Standard Title	Reference* page number of Sustainability Report (SR) or Annual Report (AR)
<b>Environment</b>		
301-3	Reclaimed products and their packaging materials	SR p. 95, 66
302-1	Energy consumption within the organization	SR p. 91
302-2	Energy consumption outside the organization	SR p. 92
302-3	Energy intensity	SR p. 92
302-4	Reduction of energy consumption	SR p. 92
303-5	Water consumption	SR p. 96
303-4	Water discharge	SR p. 96
305-1	Direct (Scope 1) GHG emissions	SR p. 83-84
305-2	Energy indirect (Scope 2) GHG emissions	SR p. 83-84
305-3	Other indirect (Scope 3) GHG emissions	SR p. 83-84
305-4	GHG emissions intensity	SR p. 84
305-5	Reduction of GHG emissions	SR p. 85-87, 97-98, 102
306-1	Waste generation and significant waste-related impacts	SR p. 95, 113
306-2	Management of significant waste-related impacts	SR p. 95, 97-98, 102, 113
306-3	Waste generated	SR p. 94
306-4	Waste diverted from disposal	SR p. 94-95, 66
306-5	Waste directed to disposal	SR p. 94
307-1	Non-compliance with environmental laws and regulations	SR p. 132, 130-131
308	Supplier assessment	SR p. 117, 123-124
308-2	Negative environmental impacts in the supply chain and actions taken	SR p. 98-99
<b>Social</b>		
403-1	Occupational health and safety management system	SR p. 70-71
403-2	Hazard identification, risk assessment, and incident investigation	SR p. 73-74
403-4	Worker participation, consultation, and communication on occupational health and safety	SR p. 70-71, 76
403-5	Worker training on occupational health and safety	SR p. 73-74, 121
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR p. 35-40
403-8	Workers covered by an occupational health and safety management system	SR p. 77
403-9	Work-related injuries	SR p. 76
403-10	Work-related ill health	SR p. 76
404-1	Average hours of training per year per employee	SR p. 120-121
404-3	Percentage of employees receiving regular performance and career development reviews	SR p. 121-122
405	Diversity and Equal Opportunity	SR p. 122
406-1	Incidents of discrimination and corrective actions taken	SR p. 122
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR p. 125
408-1	Operations and suppliers at significant risk for incidents of child labor	SR p. 124
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SR p. 124
412	Human Rights Assessment	SR p. 124

GRI Disclosure	GRI Standard Title	Reference* page number of Sustainability Report (SR) or Annual Report (AR)
412-1	Operations that have been subject to human rights reviews or impact assessments	SR p. 124
412-2	Employee training on human rights policies or procedures	SR p. 124
413-1	Operations with local community engagement, impact assessments, and development programs	SR p. 104-105
415	Public Policy	SR p. 132
415-1	Political contributions	SR p. 132
416	Customer Health and Safety	SR p. 78
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SR p. 79
417-2	Incidents of non-compliance concerning product information and labeling	SR p. 79
418	Customer Privacy	SR p. 133
419	Socioeconomic Compliance	SR p. 129
419-1	Non-compliance with laws & regulations in the social and economic area	SR p. 132

\* The Annual Report can be downloaded from: [www.gurit.com/Investors/Reports](http://www.gurit.com/Investors/Reports)

➤ GRI 102-55      GRI content index

## About GRI

The Global Reporting Initiative (GRI) is an international independent standards organisation that helps businesses understand and communicate their impacts on sustainability-related topics.

[www.globalreporting.org](http://www.globalreporting.org)

## Contact

For Sustainability Reporting questions:

### Gurit Services AG

Thomas Nauer  
Marketing-Communications / Sustainability  
Thurgauerstrasse 54  
8050 Zurich, Switzerland  
[marcom@gurit.com](mailto:marcom@gurit.com)

### Weblinks

[www.gurit.com/sustainability](http://www.gurit.com/sustainability)  
[www.gurit.com/About/Corporate-Governance](http://www.gurit.com/About/Corporate-Governance)  
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[www.gurit.com/Investors/Reports](http://www.gurit.com/Investors/Reports)  
[www.globalreporting.org](http://www.globalreporting.org)  
<https://ghgprotocol.org>

➤ GRI 102      General Disclosures

➤ GRI102-53      Contact point for questions regarding the report

# Financial Report

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## Consolidated Income Statement

In CHF 1000	Note	Year ended December 31, 2020			Year ended December 31, 2019		
		Continued operations	Discontinued operations*	Total	Continued operations	Discontinued operations*	Total
Net sales	3	576 708	2 104	578 812	558 345	18 065	576 410
Cost of goods sold		– 455 825	– 1 961	– 457 786	– 437 211	– 20 998	– 458 209
Gross profit/(loss)		120 883	143	121 026	121 134	– 2 933	118 201
Research and development expense		– 7 795	–	– 7 795	– 7 343	–	– 7 343
Selling expense		– 13 643	– 3	– 13 646	– 15 908	– 123	– 16 031
Administrative expense		– 33 639	– 132	– 33 771	– 32 467	– 1 046	– 33 513
Other operating income	25	–	693	693	–	562	562
Other operating expense	5	– 1 724	– 164	– 1 888	– 3 890	– 6 041	– 9 931
Operating profit/(loss)		64 082	537	64 619	61 526	– 9 581	51 945
Finance expense	6	– 5 293	– 65	– 5 358	– 7 319	– 192	– 7 511
Finance income	7	1 612	1	1 613	2 491	62	2 553
Profit/(loss) before tax		60 401	473	60 874	56 698	– 9 711	46 987
Income tax expense	8	– 14 250	–	– 14 250	– 12 065	–	– 12 065
<b>Profit/(loss) for the year</b>		<b>46 151</b>	<b>473</b>	<b>46 624</b>	<b>44 633</b>	<b>– 9 711</b>	<b>34 922</b>
Thereof attributable to shareholders of Gurit				46 911			35 568
Thereof attributable to minority interests				– 287			– 646
<b>Earnings per share</b>	9						
Basic earnings per bearer share				CHF 100.31			CHF 76.06
Diluted earnings per bearer share				CHF 100.31			CHF 76.06
Basic earnings per registered share				CHF 20.06			CHF 15.21
Diluted earnings per registered share				CHF 20.06			CHF 15.21

The accompanying notes form an integral part of these consolidated financial statements.

\* see note 2.2

## Consolidated Balance Sheet

In CHF 1000	Note	At December 31, 2020	At December 31, 2019
<b>Assets</b>			
Cash and cash equivalents		47 273	44 944
Derivative financial instruments	11	534	167
Trade receivables	12	97 077	109 901
Other receivables	13	13 496	13 803
Prepayments and accrued income		23 007	15 094
Inventories	14	82 786	76 196
<b>Current assets</b>		<b>264 173</b>	<b>260 105</b>
Other receivables	13	1 117	1 901
Deferred income tax assets	19	6 201	5 190
Property, plant and equipment	15	99 817	90 184
Intangible assets	16	5 429	5 440
<b>Non-current assets</b>		<b>112 564</b>	<b>102 715</b>
<b>Total assets</b>		<b>376 737</b>	<b>362 820</b>
<b>Liabilities and equity</b>			
Borrowings	17	24 526	24 920
Derivative financial instruments	11	194	320
Trade payables		70 468	63 759
Other payables		4 662	5 262
Accrued liabilities and deferred income	18	51 669	39 128
Provisions	20	5 336	3 106
<b>Current liabilities</b>		<b>156 855</b>	<b>136 495</b>
Borrowings	17	42 616	72 969
Deferred income tax liabilities	19	1 990	2 261
Provisions	20	3 292	5 121
<b>Non-current liabilities</b>		<b>47 898</b>	<b>80 351</b>
<b>Total liabilities</b>		<b>204 753</b>	<b>216 846</b>
Share capital		23 400	23 400
Capital reserve		226	93
Treasury shares		– 263	– 232
Retained earnings		150 187	123 973
<b>Equity attributable to shareholders of Gurit</b>		<b>173 550</b>	<b>147 234</b>
Minority interests		– 1 566	– 1 260
<b>Total equity</b>	21	<b>171 984</b>	<b>145 974</b>
<b>Total liabilities and equity</b>		<b>376 737</b>	<b>362 820</b>

The accompanying notes form an integral part of these consolidated financial statements.

## Consolidated Cash Flow Statement

In CHF 1000	Note	Year ended December 31, 2020	Year ended December 31, 2019
Profit for the year		46 624	34 922
Impairment, net of reversals	15, 16	–	6 371
Depreciation and amortisation	15, 16	12 276	13 695
Finance income and expense, net	6, 7	3 745	4 958
Income tax expense	8	14 250	12 065
Net (gains) / losses from disposal of fixed assets		– 196	158
Losses from disposal of intangible assets		38	110
(Profit) on disposal of subsidiaries	25	– 693	–
Other non-cash items		3 433	1 850
Change in trade receivables		7 115	– 59
Change in inventories		– 11 506	– 3 423
Change in other receivables and prepayments and accrued income		– 8 137	4 234
Change in trade payables		6 437	12 050
Change in other payables and accrued liabilities and deferred income		13 192	– 5 077
Change in provisions		553	– 925
Finance cost, net paid		– 1 429	– 2 264
Income tax paid		– 15 504	– 12 774
<b>Net cash flow from operating activities</b>		<b>70 198</b>	<b>65 891</b>
Purchase of property, plant and equipment	15	– 23 645	– 23 236
Proceeds from sale of property, plant and equipment		780	871
Purchase of intangible assets	16	– 1 755	– 1 386
Proceeds from sale of intangible assets		261	–
Investments in loans receivable		– 2 026	– 2 413
Proceeds from repayments of loans receivable		2 762	1 535
Business acquisition	24	–	– 4 314
Proceeds from disposal of subsidiaries	25	395	–
<b>Net cash flow from investing activities</b>		<b>– 23 228</b>	<b>– 28 943</b>
Changes in current borrowings, net		– 21 396	– 27 923
Changes in non-current borrowings, net		– 8 776	–
Distribution to shareholders		– 11 673	– 9 337
Purchase of treasury shares	21	– 1 188	– 1 156
Capital contribution minority interests		–	22
<b>Net cash flow from financing activities</b>		<b>– 43 033</b>	<b>– 38 394</b>
<b>Net change in cash and cash equivalents</b>		<b>3 937</b>	<b>– 1 446</b>
Cash and cash equivalents at the beginning of the year		44 944	48 233
Net change in cash and cash equivalents		3 937	– 1 446
Exchange losses on cash		– 1 608	– 1 843
<b>Cash and cash equivalents at the end of the year</b>		<b>47 273</b>	<b>44 944</b>

The accompanying notes form an integral part of these consolidated financial statements.

## Consolidated Statement of Changes in Equity

In CHF 1000	Note	Share capital	Capital reserve	Treasury shares
<b>Balance at January 1, 2019</b>		<b>23 400</b>	<b>56</b>	<b>- 118</b>
Profit for the year		-	-	-
Changes in hedging reserve		-	-	-
Currency translation adjustments		-	-	-
Total income and expense for the year		-	-	-
Distribution to shareholders	10	-	-	-
Usage of treasury shares for share-based compensation		-	37	1 042
Share-based compensation		-	-	-
Purchase of treasury shares		-	-	- 1 156
Total transactions with shareholders		-	37	- 114
Minority capital contribution		-	-	-
Goodwill directly offset with equity	21, 24	-	-	-
<b>Balance at December 31, 2019</b>		<b>23 400</b>	<b>93</b>	<b>- 232</b>
Profit for the year		-	-	-
Changes in hedging reserve		-	-	-
Currency translation adjustments		-	-	-
Total income and expense for the year		-	-	-
Distribution to shareholders	10	-	-	-
Usage of treasury shares for share-based compensation		-	133	1 157
Share-based compensation		-	-	-
Purchase of treasury shares		-	-	- 1 188
Total transactions with shareholders		-	133	- 31
<b>Balance at December 31, 2020</b>		<b>23 400</b>	<b>226</b>	<b>- 263</b>

The accompanying notes form an integral part of these consolidated financial statements.

Hedging reserve	Currency translation adjustments	Offset goodwill	Other retained earnings	Total retained earnings	Equity attributable to shareholders of Gurit	Minority interests	Total equity
-234	- 44 369	- 116 225	226 449	101 621	124 959	112	125 071
-	-	-	35 568	35 568	35 568	- 646	34 922
234	-	-	-	234	234	-	234
-	- 3 508	-	-	- 3 508	- 3 508	11	- 3 497
234	- 3 508	-	35 568	32 294	32 294	- 635	31 659
-	-	-	- 9 337	- 9 337	- 9 337	-	- 9 337
-	-	-	- 1 048	- 1 048	31	-	31
-	-	-	1 582	1 582	1 582	-	1 582
-	-	-	-	-	- 1 156	-	- 1 156
-	-	-	- 8 803	- 8 803	- 8 880	-	- 8 880
-	-	-	-	-	-	22	22
-	-	- 1 139	-	- 1 139	- 1 139	- 759	- 1 898
-	- 47 877	- 117 364	289 214	123 973	147 234	- 1 260	145 974
-	-	-	46 911	46 911	46 911	- 287	46 624
- 56	-	-	-	- 56	- 56	-	- 56
-	- 10 553	-	-	- 10 553	- 10 553	- 19	- 10 572
- 56	- 10 553	-	46 911	36 302	36 302	- 306	35 996
-	-	-	- 11 673	- 11 673	- 11 673	-	- 11 673
-	-	-	- 1 582	- 1 582	- 292	-	- 292
-	-	-	3 167	3 167	3 167	-	3 167
-	-	-	-	-	- 1 188	-	- 1 188
-	-	-	- 10 088	- 10 088	- 9 986	-	- 9 986
- 56	- 58 430	- 117 364	326 037	150 187	173 550	- 1 566	171 984

## Notes to the Consolidated Financial Statements

### 1. General information

Gurit Holding AG, incorporated in Wattwil, Switzerland (“the Company”), and its subsidiaries (together “the Group”) are specialised in the development and manufacture of advanced composite materials, composite tooling equipment and core kitting services. The product range comprises structural core materials, fibre reinforced preregs, wind blade moulds, formulated products including coatings, resins and adhesives as well as structural composite engineering.

The bearer shares of Gurit Holding AG are listed on SIX Swiss Exchange; the registered shares are mostly in firm hands and are not listed.

These consolidated financial statements were signed off by the Board of Directors on February 26, 2021, for publication. The Annual General Meeting of Shareholders, scheduled for April 14, 2021, will vote on these consolidated financial statements.

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The consolidated financial statements of Gurit Holding AG have been prepared in accordance with the complete set of Swiss GAAP FER. They comply with the complementary recommendation for listed companies (Swiss GAAP FER 31) and are in conformity with the Swiss law and the requirements of the SIX Swiss Exchange. These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of securities (including derivative financial instruments) at fair value through profit or loss. All financial information included in the consolidated financial statements and notes to the consolidated financial statements are presented in Swiss francs and rounded to the nearest thousand, unless otherwise stated.

##### 2.1.1 Gross Profit

Gross profit represents net sales less cost of goods sold and is used internally as a key performance indicator for the Group.

#### 2.2 Discontinued Operations: Automotive components business

At December 19, 2018, Gurit had announced its decision to restructure the Composite Components business, by transferring the production of automotive body panel parts (components) from the UK (Isle of White) to Gurit Hungary and the subsequent closure of the UK based production. Furthermore a sales process had been initiated with the aim to divest the automotive business. On February 11, 2020, Gurit Holding AG sold all its shares in Gurit Hungary Kft. to another advanced composite parts manufacturer. At December 21, 2020, all assets and liabilities of Gurit Composite Components had been liquidated and the application to strike off the company from the commercial register has been filed with the authorities. Further details on the business divestment is disclosed in note 25.

In 2020, discontinued operations generated net sales of CHF 2 104 000 (2019: CHF 18 065 000) and an operating profit of CHF 537 000 (2019: CHF 9 581 000 loss).

## **2.3 Consolidation**

### **2.3.1 Changes in the scope of consolidation**

In 2020 Gurit Holding AG sold all its shares in Gurit Hungary Kft., and the following two new fully owned subsidiaries were incorporated: Gurit Wind Private Limited in India and JSB Wind Energy (Langfang) Co., Ltd. in China. As at July 1, 2019, the newly founded subsidiary Gurit Italy PET Recycling S.r.l acquired specific assets from Valplastic S.r.l in Italy, including operating assets. The group holds an ownership interest of 60% in this new subsidiary. Also in 2019, Balsablock Cia. Ltda., Ecuador was merged into Gurit Balsaflex Cia. Ltda., Ecuador, a new subsidiary JSB Kitting Matamoros S.A. de C.V., in Mexico was incorporated and Gurit Tooling (Netherlands) BV, in Netherlands was liquidated.

Further details on the business acquisitions and disposals and the subsidiaries of the Group are disclosed in notes 24, 25 and 27.

### **2.3.2 Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the business acquisitions by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Intangible assets are only recognised if they were already recognised in the balance sheet of the acquired business at the acquisition date. The net assets taken over in an acquisition are measured initially at fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the Group's share of the newly valued net assets taken over is designated as goodwill.

At the date of the acquisition, the acquired goodwill is offset with equity. If the cost of acquisition is less than the fair value of the net assets of the acquired subsidiary, the difference is also offset in equity. Subsequent adjustments to any contingent purchase consideration are recorded as an adjustment to the acquisition's cost and to goodwill. Adjustments to the fair values of the acquired net assets are recorded in the income statement in subsequent periods. Intercompany transactions, balances, and unrealised gains and losses on transactions between Group companies are eliminated.



## 2.4 Foreign currency translation

### 2.4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss francs, which is the Company's functional and the Group's presentation currency.

### 2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

### 2.4.3 Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate on the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates; and
- (c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Fair value adjustments arising out of the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. For the purposes of disclosure of the effects of a theoretical capitalisation, goodwill is treated as an asset of Gurit Holding AG and is carried in the Company's functional currency.

The principal exchange rates versus the Swiss franc were as follows:

	December 31, 2020	o 2020	December 31, 2019	o 2019
1 US dollar	0.8825	0.9387	0.9675	0.9937
1 Euro	1.0823	1.0703	1.0854	1.1125
1 British Pound	1.2046	1.2041	1.2759	1.2690
1 Canadian dollar	0.6926	0.7001	0.7433	0.7489
1 Chinese yuan renminbi	0.1351	0.1360	0.1389	0.1439

## 2.5 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of composite materials, wind energy core material kits, wind turbine blade mould sets as well as engineering services. Revenue is shown net of value-added tax, returns, rebates, and discounts and after eliminating sales within the Group.

Revenue from the sale of composite materials and wind energy core material kits is recognised when the goods have been delivered to the agreed place and when significant risks and rewards of ownership have transferred to the customer in accordance with the agreed Incoterms (International Commercial Terms). The related invoices are usually payable within 60 days on average. Revenue recognition from the sale of the wind-turbine tooling project business is contract-dependent and typically recognised after the customer has inspected the goods at our premises, the so called Factory Acceptance test ("FAT") and upon receipt of such signed FAT acceptance document. Gurit thus applies the completed contract method of revenue recognition in the tooling business. Payment terms vary by customer and typically consist of several progress payments during the project duration with the majority of payments being received after successful completion of the FAT and the residual payments received after successful passing of the customer Site Acceptance Test ("SAT"). Revenue from engineering services is recognised when the service is completed. The related invoices are usually payable within 60 days at the end of the month.

## 2.6 Employee benefits

### 2.6.1 Pension obligations

The obligations of all Group companies in respect of retirement, death, and disability are based on local rules and regulations in the respective countries. With the exception of the Ecuadorian and the Indonesian company, the obligation in respect of the pension plans of all Group companies is with a third party pension institution and not with the Group companies.

The Ecuadorian and the Indonesian company are required by law to grant certain retirement benefits. The obligation is exclusively patronal and is provisioned by these companies without making contributions to any fund. The liability recognised in the balance sheet in respect of these obligations is the fair value of the obligation at the end of the reporting period and is calculated annually by independent actuaries using the projected unit credit method, in line with local law. Changes in the liabilities are recognised as "personnel expense".

### 2.6.2 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal termination date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the balance sheet date are discounted to present value. Provisions for termination benefits are recorded in the consolidated balance sheet within "provisions".

### 2.6.3 Share-based compensation

The Group operates different equity-settled share-based compensation schemes, under which the entity receives services from directors and from employees for equity instruments of the Company. The fair value of the services received in exchange for the granting of equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted.

## 2.7 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets relating to temporary differences and to tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## 2.8 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or hedges of variability in cash flow for a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge). The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 11. Movements on the “hedging reserve” in shareholders’ equity are shown in the consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than twelve months, and as a current asset or liability when the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as a current asset or liability.

All of the Group’s derivative financial instruments relate to foreign exchange instruments.

### 2.8.1 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

### **2.8.2 Derivatives accounted for at fair value through profit or loss**

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any of these derivative instruments are recognised immediately in the income statement.

## **2.9 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less.

## **2.10 Trade receivables**

Trade receivables are valued at par value less impairment, if any. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due, according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Furthermore, the Group records a general provision on long overdue, not insured or otherwise secured receivables, that are not covered by specific provisions, as follows: 30% on all balances overdue more than 90 days, 60% on all balances overdue more than 180 days, 80% on all balances overdue more than 270 days and 100% on all balances overdue more than 360 days. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within “other operating expenses”. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against “other operating expenses” in the income statement.

## **2.11 Loans and other receivables**

Loans and other receivables are valued at par value less impairment, if any.

## **2.12 Inventories**

Inventories are stated at the lower of average cost price or manufacturing cost and net realizable value. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs, and related production overheads (based on normal operating capacity). Early payment discounts are treated as a deduction of the purchase price. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## **2.13 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Plant and equipment: 4 –15 years
- Buildings: 40 – 50 years
- Other tangible assets: 4 –10 years

Any property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

## 2.14 Intangible assets

Intangible assets contain patents, land use rights, software, and other intangible assets. They are carried at historical cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives, which for patents, software, and other intangible assets normally do not exceed five years, but can extend to ten years in exceptional cases. Land use rights are amortised over 50 years, which represents the period of the use rights. Internally generated intangible assets are not recognised as assets.

## 2.15 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.16 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Leases of property, plant and equipment, where the Group substantially has all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

## 2.17 Payables and Borrowings

Payables and Borrowings are recognised at par value, net of transaction cost incurred.

## 2.18 Provisions

Provisions for warranties, restructuring costs, legal cases, business acquisition-related earn-outs and others are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 2.19 Equity

### 2.19.1 Treasury shares

Where any Group company purchases the Company's equity share capital ("treasury shares"), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

### 2.19.2 Goodwill offset in equity

Goodwill represents the excess of the cost of an acquisition over the Group's share of the newly valued net assets taken over. At the date of the acquisition, the acquired goodwill is offset with equity.

For purposes of the disclosure of the effects of a theoretical capitalisation, acquired goodwill is amortised over five years and carried at cost less accumulated amortisation and impairment losses. Impairment losses on goodwill are not reversed.

In case of a disposal, acquired goodwill offset with equity at an earlier date is considered at original cost to determine the profit or loss recognised in the income statement.

## 3. Segment information

In CHF 1000	2020	2019
<b>Net sales by segments</b>		
Composite Materials	276 154	249 523
Kitting	225 625	190 724
Tooling	98 655	106 134
Aerospace	31 567	53 531
Inter-segment elimination	– 55 293	– 41 567
<b>Total continued operations</b>	<b>576 708</b>	<b>558 345</b>
Discontinued operations (Composite Components)	2 104	18 065
<b>Total Group</b>	<b>578 812</b>	<b>576 410</b>

Gurit disclaims the disclosure of segment financial operating results as such disclosure would bear the risk of significant competitive disadvantages. The target markets in which most Business Units operate, are relatively confined market niches and the product offering of these units is relatively homogeneous. Most of the main direct competitors in the markets in which those segments operate are either not stock exchange-listed or do not disclose the relevant comparable segment information. As a result, disclosure of the performance of these segments would lead to significant competitive disadvantages.

In CHF 1000	2020	2019
<b>Net sales by regions of destination</b>		
Europe	170 422	181 892
Asia	249 359	215 395
Americas	127 304	132 095
Rest of the world	31 727	47 028
<b>Total net sales</b>	<b>578 812</b>	<b>576 410</b>

#### 4. Personnel expense

In CHF 1000	2020	2019
Salaries and wages	88 200	94 590
Pension expense	3 317	3 562
Social security expense	13 194	15 041
Other personnel expenses	9 652	10 579
<b>Total personnel expense</b>	<b>114 363</b>	<b>123 772</b>

Salaries and wages include share-based compensation in the aggregate amount of CHF 3 167 000 (2019: CHF 1 582 000). The members of the Board of Directors receive a fixed number of bearer shares of the Company as part of their total annual compensation. In accordance with the Group's Share Participation Plan for Management, members of the Executive Committee and the next level of management receive a part of their performance-related compensation in form of Gurit bearer shares. All these shares are subject to a lock-up period of three years. For 2020, the members of the Board of Directors will receive 175 bearer shares (2019: 175 bearer shares). Members of the Executive Committee and other employees will receive 1 155 bearer shares (2019: 955 bearer shares). The share price used for the calculation of the share-based compensation of the members of the Board was CHF 1 595 (2019: CHF 1 400). The share price used for the calculation of the share-based compensation for the members of the Executive Committee and other employees was CHF 2 500 (2019: CHF 1 400).

In 2020, various countries had provided COVID-19 relief assistance to Gurit subsidiaries totalling to CHF 2 814 000. This amount has been netted with the related personnel expenses.



The pension expense is summarised as follows:

### Economical benefit / obligation and pension expenses

In CHF 1000	Surplus/ (deficit)	Economical share of the Group		Change to prior year	Contributions accrued	Pension benefit expenses within personnel expense	
	Dec. 31, 2020	Dec. 31, 2020	Dec. 31, 2019			2020	2019
Patronage pension, unfunded	– 546	– 546	– 482	– 64	64	64	32
Pension institutions without surplus/deficit	–	–	–	–	–	3 253	3 530
Pension institutions with surplus	–	–	–	–	–	–	–
Pension institutions with deficit	–	–	–	–	–	–	–
Pension institutions without own assets	–	–	–	–	–	–	–
<b>Total</b>	<b>– 546</b>	<b>– 546</b>	<b>– 482</b>	<b>– 64</b>	<b>64</b>	<b>3 317</b>	<b>3 562</b>

During 2020 and 2019, the Group did not have any employer contribution reserves.

### 5. Other operating expense

In CHF 1000	Note	2020	2019
Change in provision for impairment of trade receivables	12	477	627
Restructuring expenses	20	948	1 824
Impairment charges, net of reversals	15, 16	–	6 371
Other operating expenses		463	1 109
<b>Total other operating expense</b>		<b>1 888</b>	<b>9 931</b>

Impairment and restructuring expenses in 2020 and in 2019 relate mainly to the discontinued automotive components business (see note 2.2) and the Aerospace business. Restructuring expenses in 2020 in Aerospace amounted to CHF 948 000 (2019: CHF 300 000) and in the discontinued automotive business in 2019 to CHF 1 415 000. Impairment charges in 2019 in Aerospace amounted to CHF 1 689 000 and in the discontinued automotive business to CHF 4 654 000. The already planned production stop of the Aerospace plant in Zullwil, Switzerland, had been advanced because of the global Aerospace market drop resulting from the pandemic. Operations in the Aerospace plant in Zullwil have been stopped at the end of November 2020.

## 6. Finance expense

In CHF 1000	2020	2019
Interest expense	1 243	1 940
Exchange rate losses	3 602	4 916
Other finance expenses	513	655
<b>Total finance expense</b>	<b>5 358</b>	<b>7 511</b>

## 7. Finance income

In CHF 1000	2020	2019
Interest income	276	321
Exchange rate gains	1 280	2 222
Other finance income	57	10
<b>Total finance income</b>	<b>1 613</b>	<b>2 553</b>

## 8. Income tax expense

In CHF 1000	Note	2020	2019
Deferred income tax (credit)	19	– 1 472	– 1 559
Current income tax expense		15 722	13 624
<b>Total income tax expense</b>		<b>14 250</b>	<b>12 065</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, as follows:

In CHF 1000	2020	2019
Profit before tax	60 874	46 987
Tax expense at the weighted average tax rate of 21.5% (2019: 23.1%)	13 088	10 847
Utilisation of previously unrecognised tax losses	– 704	– 1 831
Tax losses for which no deferred income tax asset was recognised	1 134	1 993
Not recoverable withholding taxes	3 776	2 185
Reimbursement of withholding taxes paid in prior years	– 1 530	–
Recognition of previously unrecognised deferred tax assets	– 785	– 1 154
Effect of change in future tax rates on deferred taxes	– 490	–
Expenses not deductible for tax purposes	337	1 168
Adjustment in respect of prior years	– 592	– 607
Effect of tax concessions	– 180	– 290
Others	196	– 246
<b>Income tax expense recognised in profit or loss</b>	<b>14 250</b>	<b>12 065</b>

## 9. Earnings per share

Basic and diluted earnings per share are calculated on the basis of the profit for the year attributable to shareholders of Gurit and the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares. The calculation takes into account the different par values of the bearer and registered shares. The Company does not have any categories of potentially dilutive ordinary shares.

	2020	2019
<b>Profit for the year attributable to shareholders of Gurit (in CHF 1000)</b>	<b>46 911</b>	<b>35 568</b>
<b>Weighted average number of shares in issue during the year</b>		
Bearer shares	419 724	419 661
Registered shares	239 795	239 795
<b>Basic and also diluted earnings per share (in CHF)</b>		
Bearer shares (par value of CHF 50)	100.31	76.06
Registered shares (par value of CHF 10)	20.06	15.21

## 10. Distribution to shareholders

In accordance with the resolution of the Annual General Meeting of Shareholders held on April 15, 2020, a dividend of CHF 11 700 000 has been distributed to the shareholders on April 21, 2020 (CHF 25.00 per bearer share and CHF 5.00 per registered share). In 2019, an amount of CHF 9 360 000 has been distributed to the shareholders (CHF 20.00 per bearer share and CHF 4.00 per registered share).

At the Annual General Meeting on April 14, 2021 a dividend distribution of CHF 14 040 000 will be proposed (CHF 30.00 per bearer share and CHF 6.00 per registered share). These financial statements do not reflect this distribution payable.

## 11. Derivative financial instruments

In CHF 1000	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges, categorised as derivatives used for hedging	20	– 155	–	–
Cash flow hedges, categorised as derivatives at fair value through profit and loss	514	– 39	167	– 320
<b>Total derivative financial instruments</b>	<b>534</b>	<b>– 194</b>	<b>167</b>	<b>– 320</b>
Whereof				
Current portion	534	– 194	167	– 320
Non-current portion	–	–	–	–

## 12. Trade receivables

In CHF 1000	2020	2019
Trade receivables	100 616	113 256
Less: provision for impairment	– 3 539	– 3 355
<b>Trade receivables, net</b>	<b>97 077</b>	<b>109 901</b>

In CHF 1000	2020	2019
<b>Aging of trade receivables</b>		
Not due	83 763	93 232
Overdue 1-15 days	8 144	8 050
Overdue 16-30 days	3 063	4 426
Overdue more than 30 days	5 646	7 548
<b>Total trade receivables</b>	<b>100 616</b>	<b>113 256</b>
Less: provision for impairment	– 3 539	– 3 355
<b>Total trade receivables, net</b>	<b>97 077</b>	<b>109 901</b>

In CHF 1000	2020	2019
<b>Movements on the provision for impairment</b>		
Balance at January 1	3 355	3 736
Provision for receivables impairment	705	875
Receivables written off as uncollectible	– 152	– 1 012
Unused amounts reversed	– 228	– 248
Exchange differences	– 141	4
<b>Balance at December 31</b>	<b>3 539</b>	<b>3 355</b>

In CHF 1000	2020	2019
<b>Trade receivables by currency</b>		
US dollar	30 433	29 366
British pound	88	386
Euro	37 183	38 965
Chinese yuan renminbi	28 933	40 596
Others	440	588
<b>Total trade receivables, net</b>	<b>97 077</b>	<b>109 901</b>

### 13. Other receivables

In CHF 1000	2020	2019
VAT receivables	9 564	9 847
Loans	2 159	3 590
Others	2 890	2 267
<b>Total other receivables</b>	<b>14 613</b>	<b>15 704</b>
Whereof		
Current portion	13 496	13 803
Non-current portion	1 117	1 901

### 14. Inventories

In CHF 1000	2020	2019
Raw materials	39 606	37 171
Work in progress	9 182	8 231
Semi-finished goods	23 486	14 047
Finished goods	19 225	20 512
<b>Total inventories</b>	<b>91 499</b>	<b>79 961</b>
Less: inventory provision	- 8 713	- 3 765
<b>Total inventories, net</b>	<b>82 786</b>	<b>76 196</b>

## 15. Property, plant and equipment

In CHF 1000	Note	Plant and equipment	Land and buildings	Equipment under construction and advance payments	Other tangible assets	Total property, plant and equipment
<b>Cost</b>						
Balance at January 1, 2019		137 185	55 233	4 756	3 117	200 291
Additions		7 799	561	14 679	236	23 275
Business acquisition	24	707	–	–	–	707
Disposals		– 13 593	–	– 325	– 331	– 14 249
Reclassifications		11 555	– 275	– 11 335	55	–
Exchange differences		– 2 466	– 875	– 232	– 68	– 3 641
<b>Balance at December 31, 2019</b>		<b>141 187</b>	<b>54 644</b>	<b>7 543</b>	<b>3 009</b>	<b>206 383</b>
Additions		3 784	180	20 676	295	24 935
Business divestment	25	– 11 274	–	–	– 159	– 11 433
Disposals		– 3 218	– 546	–	– 198	– 3 962
Reclassifications		17 403	496	– 18 127	228	–
Exchange differences		– 5 365	– 1 735	– 203	– 118	– 7 421
<b>Balance at December 31, 2020</b>		<b>142 517</b>	<b>53 039</b>	<b>9 889</b>	<b>3 057</b>	<b>208 502</b>
<b>Accumulated depreciation</b>						
Balance at January 1, 2019		90 371	19 736	–	2 182	112 289
Depreciation charges		10 664	1 225	–	420	12 309
Impairment charges		4 681	1 287	–	29	5 997
Disposals		– 12 948	–	–	– 272	– 13 220
Reclassifications		495	– 495	–	–	–
Exchange differences		– 1 092	– 75	–	– 9	– 1 176
<b>Balance at December 31, 2019</b>		<b>92 171</b>	<b>21 678</b>	<b>–</b>	<b>2 350</b>	<b>116 199</b>
Depreciation charges		9 704	932	–	312	10 948
Business divestment	25	– 11 274	–	–	– 159	– 11 433
Disposals		– 3 102	– 143	–	– 133	– 3 378
Exchange differences		– 2 982	– 593	–	– 76	– 3 651
<b>Balance at December 31, 2020</b>		<b>84 517</b>	<b>21 874</b>	<b>–</b>	<b>2 294</b>	<b>108 685</b>
<b>Net book values</b>						
Balance at January 1, 2019		46 814	35 497	4 756	935	88 002
Balance at December 31, 2019		49 016	32 966	7 543	659	90 184
<b>Balance at December 31, 2020</b>		<b>58 000</b>	<b>31 165</b>	<b>9 889</b>	<b>763</b>	<b>99 817</b>

### **Impairment**

In 2019, the Group recorded impairment charges of CHF 4 654 000 in connection with the restructuring and divestment of the Automotive components business (see note 2.2). The remaining impairment expenses in 2019 related mainly to the announced closure of the Aerospace plant in Zullwil, Switzerland. Operations in the Zullwil plant have been stopped at the end of November 2020.

### **Non-cash transaction**

Additions in property, plant and equipment include purchases in the amount of CHF 1 290 000, which were not yet paid at the balance sheet date. In 2019, additions included a purchase in the amount of CHF 39 000, which was financed with a non-current loan.

### **Assets under Finance Lease**

Property, plant and equipment include assets under finance lease of CHF 491 000 (2019: CHF 783 000).



## 16. Intangible assets

In CHF 1000	Note	Patents and trademarks	Land use rights	Software and other intangibles	Total intangible assets
<b>Cost</b>					
Balance at January 1, 2019		4 348	2 803	9 040	16 191
Additions		162	–	1 224	1 386
Business acquisition	24	–	–	14	14
Disposals		– 416	–	– 6	– 422
Exchange differences		86	– 82	– 69	– 65
Balance at December 31, 2019		4 180	2 721	10 203	17 104
Additions		226	–	1 529	1 755
Business divestment	25	–	–	– 674	– 674
Disposals		– 229	– 217	– 10	– 456
Exchange differences		– 243	– 73	– 285	– 601
<b>Balance at December 31, 2020</b>		<b>3 934</b>	<b>2 431</b>	<b>10 763</b>	<b>17 128</b>
<b>Accumulated amortisation</b>					
Balance at January 1, 2019		2 971	512	6 731	10 214
Amortisation charges		274	57	1 055	1 386
Impairment charges		358	–	16	374
Disposals		– 311	–	– 1	– 312
Exchange differences		66	– 17	– 47	2
Balance at December 31, 2019		3 358	552	7 754	11 664
Amortisation charges		203	52	1 073	1 328
Business divestment	25	–	–	– 674	– 674
Disposals		– 154	–	– 3	– 157
Exchange differences		– 199	– 15	– 248	– 462
<b>Balance at December 31, 2020</b>		<b>3 208</b>	<b>589</b>	<b>7 902</b>	<b>11 699</b>
<b>Net book values</b>					
Balance at January 1, 2019		1 377	2 291	2 309	5 977
Balance at December 31, 2019		822	2 169	2 449	5 440
<b>Balance at December 31, 2020</b>		<b>726</b>	<b>1 842</b>	<b>2 861</b>	<b>5 429</b>

## 17. Borrowings

In CHF 1000	up to 1 year	1 to 5 years	Total	annual average interest rates in %
<b>2020</b>				
Bank overdrafts	–	–	–	–
Bank loans	23 247	42 387	65 634	0.8
Other loans	997	–	997	3.0
Finance lease	282	229	511	2.1
<b>Total borrowings</b>	<b>24 526</b>	<b>42 616</b>	<b>67 142</b>	
<b>2019</b>				
Bank overdrafts	1 446	–	1 446	1.1
Bank loans	23 111	71 357	94 468	1.3
Other loans	–	1 093	1 093	4.3
Finance lease	363	519	882	2.1
<b>Total borrowings</b>	<b>24 920</b>	<b>72 969</b>	<b>97 889</b>	

In 2020 and in 2019, there were no secured bank borrowings except for finance lease.

### Committed credit facilities

As at December 31, 2020, Gurit Holding AG has unsecured committed credit facilities in place in the total amount of CHF 140 000 000 (2019: CHF 160 000 000). Thereof CHF 62 388 000 was drawn as of 31 December 2020 (2019: CHF 91 357 000). These credit facilities expire on December 31, 2023. Contractually agreed amortisation started in June 30, 2020, with a total amount of CHF 10 000 000 per semester. These credit facilities are subject to compliance with agreed covenants regarding a minimum equity ratio and a maximum gross debt to EBITDA ratio. In the current and in the prior year, Gurit complied with all financial covenants.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

In CHF 1000	2020	2019
<b>Currency</b>		
Swiss franc	31 000	45 010
Euro	34 674	47 917
US dollar	997	4 204
Danish krone	471	758
<b>Total borrowings</b>	<b>67 142</b>	<b>97 889</b>

**18. Accrued liabilities and deferred income**

In CHF 1000	2020	2019
Current income tax liabilities	5 727	3 829
Advance payments from customers	24 774	15 650
Accruals	21 168	19 649
<b>Total accrued liabilities and deferred income</b>	<b>51 669</b>	<b>39 128</b>

Accruals include accrued sales rebates, accrued bonus, other payroll related costs and others.

**19. Deferred income tax**

In CHF 1000	2020	2019
Deferred income tax assets	6 201	5 190
Deferred income tax (liabilities)	– 1 990	– 2 261
<b>Deferred income tax assets/(liabilities), net</b>	<b>4 211</b>	<b>2 929</b>

In 2020, deferred tax assets and tax liabilities were recognised at a weighted average tax rate of 25% and 17%, respectively (2019: 22% and 17%).

The movement on the deferred income tax account is as follows:

In CHF 1000	Note	2020	2019
<b>Balance at January 1</b>		<b>2 929</b>	<b>1 315</b>
Deferred income tax credit	8	1 472	1 559
Tax effect recorded in equity		17	–
Exchange differences		– 207	55
<b>Balance at December 31</b>		<b>4 211</b>	<b>2 929</b>

Tax claims from tax losses carried forward are analysed as follows:

In CHF 1000	2020	2019
Recognised tax claims from tax losses carried forward	2 620	2 599
Unrecognised tax claims from tax losses carried forward	3 839	7 682
<b>Total tax claims from tax losses carried forward</b>	<b>6 459</b>	<b>10 281</b>

Tax losses carried forward not recognised expire as shown in the table below:

In CHF 1000	2020	2019
0 - 3 years	1 570	4 431
4 - 6 years	3 143	23 966
Over 6 years	12 161	12 545
No expiry	172	7 447
<b>Total unrecognised tax losses</b>	<b>17 046</b>	<b>48 389</b>

As at December 31, 2019, unrecognised tax losses as disclosed above contain unrecognised tax losses of CHF 21 822 000 related to Gurit Hungary Kft. which has been sold on February 11, 2020 (see note 25).

## 20. Provisions

In CHF 1000	Note	Warranty	Restructuring	Earn-Out Provisions	Other	Total provisions
Balance at January 1, 2019		1 538	1 616	6 439	1 585	11 178
Additions		1 045	1 824	–	1 068	3 937
Utilised during the year		– 962	– 2 067	– 3 777	– 488	– 7 294
Business acquisition	24	–	–	–	446	446
Unused amounts reversed		– 23	–	–	–	– 23
Unwinding of discount		–	–	103	–	103
Exchange differences		– 49	2	– 34	– 39	– 120
<b>Balance at December 31, 2019</b>		<b>1 549</b>	<b>1 375</b>	<b>2 731</b>	<b>2 572</b>	<b>8 227</b>
Additions		2 720	948	–	2 900	6 568
Utilised during the year		– 2 474	– 1 840	– 1 374	– 369	– 6 057
Unwinding of discount		–	–	42	–	42
Exchange differences		– 45	– 26	– 20	– 61	– 152
<b>Balance at December 31, 2020</b>		<b>1 750</b>	<b>457</b>	<b>1 379</b>	<b>5 042</b>	<b>8 628</b>
<b>Whereof at December 31, 2019</b>						
Current portion		649	1 075	1 382	–	3 106
Non-current portion		900	300	1 349	2 572	5 121
<b>Whereof at December 31, 2020</b>						
Current portion		864	457	1 379	2 636	5 336
Non-current portion		886	–	–	2 406	3 292

Other provisions include environmental cases, retirement and legal cases.

## 21. Equity

The issued share capital of the Company consists of 420 000 bearer shares (2019: 420 000 shares) with a par value of CHF 50.00 each and 240 000 registered shares (2019: 240 000 shares) with a par value of CHF 10.00 each. All issued shares are fully paid. The Company has no authorised or conditional capital. The entitlement to dividend payments is based on the par value of the shares, while the voting power is defined by the number of shares.

The Company's statutory or legal reserves that may not be distributed amounted to CHF 4 943 000 at December 31, 2020 (2019: CHF 4 912 000).

Treasury shares:

In number of shares	2020	2019
<b>Registered shares</b>		
Balance at January 1	205	205
<b>Balance at December 31</b>	<b>205</b>	<b>205</b>
<b>Bearer shares</b>		
Balance at January 1	199	94
Additions at CHF 1 188 each (2019: CHF 1 006)	1 000	1 150
Disposals (used for share-based compensation)	– 1 004	– 1 045
<b>Balance at December 31</b>	<b>195</b>	<b>199</b>

## Goodwill from acquisitions

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalisation and amortisation of the total goodwill (incl. shareholders of Gurit and minority interests) is disclosed below:

In CHF 1000	Note	Cost	Accumulated amortisation	Theoretical net book value
Balance at January 1, 2019		116 225	– 32 265	83 960
Additions	24	1 898	–	1 898
Amortisation charge		–	– 18 222	– 18 222
<b>Balance at December 31, 2019</b>		<b>118 123</b>	<b>– 50 487</b>	<b>67 636</b>
Amortisation charge		–	– 18 412	– 18 412
<b>Balance at December 31, 2020</b>		<b>118 123</b>	<b>– 68 899</b>	<b>49 224</b>

Impact on income statement:

In CHF 1000	2020	2019
Profit for the year according to the consolidated income statement	46 624	34 922
Amortisation of goodwill	– 18 412	– 18 222
<b>Theoretical profit for the year including amortisation</b>	<b>28 212</b>	<b>16 700</b>

Impact on balance sheet:

In CHF 1000	2020	2019
Equity according to the balance sheet	171 984	145 974
Theoretical capitalisation of goodwill (net book value)	49 224	67 636
<b>Theoretical equity including net book value of goodwill</b>	<b>221 208</b>	<b>213 610</b>
Equity according to balance sheet	171 984	145 974
Equity as % of total assets	45.7%	40.2%
Theoretical equity including net book value of goodwill	221 208	213 610
Theoretical equity including net book value of goodwill as % of total assets	51.9%	49.6%

## 22. Contingent liabilities

In connection with the acquisition of PH Windsolutions Inc.'s business on September 1, 2017, a contingent purchase consideration had been agreed with the Sellers of the business at the time. A part of it had been paid out in 2019 and the remainder has expired as of the date of this report. The Group has other contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from these contingent liabilities.

## 23. Commitments

Capital expenditures for the purchase of property, plant and equipment contracted for at the balance sheet date but not yet incurred amount to CHF 6 565 000 (2019: CHF 5 872 000).

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

In CHF 1000	2020	2019
No later than 1 year	6 964	5 845
Later than 1 year, no later than 5 years	25 051	12 959
Later than 5 years	4 477	2 330
<b>Total commitments</b>	<b>36 492</b>	<b>21 134</b>

## 24. Business acquisition

In 2019, the Group acquired the business of Valplastic S.r.l in Italy. In addition, the cash outflow included an amount of CHF 2 331 000 from business acquisition in 2019 in connection with a previously recognised earn-out provision (acquisition of PH Windsolutions).

The transaction is summarised as follows:

In CHF 1000	Note	2019
		Valplastic
Cash paid		1 825
Direct costs related to the acquisitions		158
<b>Total purchase consideration</b>		<b>1 983</b>
less: Fair value of net assets acquired		– 85
<b>Goodwill</b>	<b>21</b>	<b>1 898</b>
Other receivables		370
Inventories		1 553
Property, plant and equipment	15	707
Intangible assets	16	14
Trade payables		– 1 571
Other payables		– 542
Provisions	20	– 446
<b>Total fair value of net assets acquired</b>		<b>85</b>
Purchase consideration settled in cash		1 983
Less: cash and cash equivalents acquired		–
<b>Cash outflow on acquisitions during the year</b>		<b>1 983</b>

## **25. Business divestment**

On February 11, 2020, Gurit Holding AG sold all its shares in Gurit Hungary Kft. in Hungary to another advanced composite parts manufacturer for a cash sales price of CHF 395 000. Net assets disposed of amounted to CHF 733 000, including inventory at a net book value of CHF 1 430 000. At December 21, 2020, all assets and liabilities of Gurit Composite Components in the United Kingdom had been liquidated and the application to strike off the company from the commercial register has been filed with the authorities. After recycling of currency translation adjustments through the income statement, the disposal of the automotive business resulted in a net gain in the year 2020 of CHF 693 000. See also note 2.2 regarding discontinued operations.



**26. Subsequent events**

An agreement for the sale of the real estate in Zullwil has been signed on January 12, 2021. The sales price corresponds to the net book value of the asset.

Except from this transaction, no significant events occurred between the balance sheet date and February 26, 2021, the date on which these consolidated financial statements were signed off by the Board of Directors for publication.

## 27. Subsidiaries

Company	Activity
<b>Canada</b>	
Gurit Americas Inc., Magog	Production and sales of composite materials
Gurit Tooling (Americas) Inc., Montreal	Production and sales of composite process equipment
<b>China</b>	
JSB Wind Energy (YDF) Co, Ltd, Dafeng	Production and sales of composite materials
JSB Composite (Zhuzhou) Co, Ltd, Zhuzhou	Production and sales of composite materials
Gurit Tooling (Hong Kong) Ltd., Hong Kong	Sales of composite process equipment
Gurit (Tianjin) Composite Material Co., Ltd., Tianjin	Production and sales of composite materials
Gurit Tooling (Taicang) Co., Ltd., Taicang	Production and sales of composite process equipment
JSB Wind Energy (Langfang) Co, Ltd, Langfang	Production and sales of composite materials
<b>Denmark</b>	
Gurit Kitting Holding ApS, Ringkoebing***	Holding company
JSB Group A/S, Ringkoebing	Production and sales of composite materials
<b>Ecuador</b>	
Gurit Balsaflex, Cia. Ltda., Quevedo	Production of balsa wood core products
<b>Germany</b>	
Gurit (Kassel) GmbH, Kassel	Production and sales of composite materials
<b>Hungary</b>	
Gurit (Hungary) Kft., Székesfehérvár**	Production of automotive body panels
<b>India</b>	
Gurit (India) Pvt. Ltd., Pune	Sales of composite materials
Gurit Wind Pvt. Ltd., Pune	Production and sales of composite materials and composite process equipment
<b>Indonesia</b>	
PT. Gurit Parta Balsa, Probolinggo Java	Production of balsa wood core products
<b>Italy</b>	
Gurit Italy S.R.L., Volpiano	Production and sales of composite materials
Gurit Italy PET Recycling S.r.l., Volpiano	Production and sales of composite materials
<b>Mexico</b>	
JSB Kitting Matamoros S.A. de C.V., Matamoros	Production of composite materials
<b>New Zealand</b>	
Gurit (Asia Pacific) Ltd., Auckland	Structural engineering, production, and sales of composite materials
<b>Poland</b>	
Gurit (Poland) Sp.z.o.o., Szczecin	After sales service of composite process equipment
JSB Composite (Polska) Sp. Z.o.o., in liquidation	In liquidation
<b>Spain</b>	
Gurit Balsa, S.L., Girona	Sales of balsa wood core products
Gurit Spain S.A., Albacete	Production and sales of composite materials
Mecanización de Estructuras Poliméricas S.L.U., Falces	Production and sales of composite materials

Registered capital	Group ownership and voting rights	
	2020	2019
CAD 38 626 898	100%	100%
CAD 10 000 000	100%	100%
CNY 20 197 635	100%	100%
CNY 11 947 925	100%	100%
HKD 3 000 000	100%	100%
CNY 128 856 923	100%	100%
CNY 68 559 206	100%	100%
–	100%	–
–	–	100%
DKK 10 000 000	100%	100%
USD 2 500 000	99%*	99%*
EUR 100 000	100%	100%
–	0%	100%
INR 3 269 080	100%	100%
INR 100 000	100%	–
USD 755 148	55%	55%
EUR 10 000	100%	100%
EUR 50 000	60%	60%
MXN 5 000 000	100%	100%
NZD 6 830 085	100%	100%
PLN 2 120 000	100%	100%
–	100%	100%
EUR 1 000 000	100%	100%
EUR 1 552 744	100%	100%
EUR 682 000	100%	100%

Company	Activity
<b>Switzerland</b>	
Gurit Composite Materials AG, Zurich	Trading of composite materials
Gurit Services AG, Zurich	Providing management services
Gurit (Zullwil) AG, Zullwil	Production and sales of composite materials
<b>Turkey</b>	
JSB Izmir Rüzgar Kompozit Limited Sirketi, Izmir	Production and sales of composite materials
<b>United Kingdom</b>	
Gurit Composite Components Ltd., Newport, in liquidation	In Liquidation
Gurit Material Systems (UK) Ltd., Newport	Holding company
Gurit (UK) Ltd., Newport	Production and sales of composite materials
<b>USA</b>	
Gurit (USA) Inc., Bristol	Sales of composite materials
Windkits LLC, Allentown	Production and sales of composite materials

\* Minority interests are ignored due to immateriality

\*\* Sold as of February 11, 2020

\*\*\* Merged into JSB Group A/S

Registered capital	Group ownership and voting rights	
	2020	2019
CHF 500 000	100%	100%
CHF 500 000	100%	100%
CHF 500 000	100%	100%
TRY 26 150 000	100%	100%
–	100%	100%
GBP 34 305 957	100%	100%
GBP 142 571	100%	100%
USD 3 000	100%	100%
–	100%	100%

# Report of the statutory auditor to the General Meeting of Gurit Holding AG

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of Gurit Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2020 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (p.147 – 181) give a true and fair view of the consolidated financial position of the Group as at December 31, 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Our audit approach

Overall Group materiality: CHF 3 000 000

We concluded full scope audit work on twelve reporting units in seven countries. Our audit scope addressed 69% of the Group’s net sales and 68% of the Group’s assets

In addition, specified procedures were performed on a further five reporting units in three countries representing 18% of the Group’s net sales and 10% of the Group’s assets.

As key audit matter the following area of focus has been identified:

Impairment assessment of property, plant and equipment

## Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 3 000 000
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above CHF 300 000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

## Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group financial statements are a consolidation of 32 reporting units. We identified twelve reporting units that, in our view, required a full scope audit due to their size or risk characteristics. Specified procedures were also carried out at a further five reporting entities to give appropriate coverage of material balances. In order to exercise appropriate direction and supervision of the work of the reporting units' auditors, the Group engagement team conducted a series of conference calls with each of the auditors performing full scope audits. These calls consisted of a detailed planning meeting, an interim meeting and a clearance meeting.

## Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Impairment assessment of property, plant and equipment

### Key audit matter

Refer to Note 15: We focused on this area due to the size of property, plant and equipment (PPE) recognised in the balance sheet (CHF 99.8 million as at December 31, 2020) and because the Group management's assessment of the future recoverability of these assets involves judgement regarding the future results of the business.

In particular, we focused our audit work on the valuation of PPE of Gurit (Kassel) GmbH, the operating legal entity in the aerospace sector and most affected by the measures against the COVID-19 pandemic. Based on an impairment test, Gurit Group management decided no impairment of PPE was necessary.

The calculation of the recoverable amount was based on Group management's expectation of how the site's PPE will be used in the future. While these assumptions represent Group management's current judgement on future developments, they are subject to risks and uncertainties that could lead actual results to differ materially.

### How our audit addressed the key audit matter

We performed an analysis of the Group companies to assess whether there are indicators of impairment. For selected entities, we compared the net assets with the cash flow projections of the entity obtained from Group management. In addition, for the entities in question, we received explanations which supported Group management's conclusions. We also conducted interviews with Group management to corroborate these explanations and to obtain an understanding of the specific business and other future projects in order to allow us to independently assess whether the impairment assessment is appropriate and sufficient.

The following procedures were performed:

- We used internal valuation specialists to assess the discount rate for the entity by comparing it with third-party information.
- We have performed detailed discussions with Group management around the future cash flows used in the valuation models.
- Further, we tested the mathematical accuracy, the consistency and integrity of the model and data used for the discounted cash flow calculation.
- To determine the reliability of management's assumptions, we challenged management's estimates in this area by comparing previous income statement budgets with the actual results of the year.

Based on the procedures performed, and the evidence provided, we identified no significant issues with respect to management's PPE impairment testing.



### Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

### Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Patrick Balkanyi  
Audit expert  
Auditor in charge



Corinne Lüthy  
Audit expert



Zurich, February 26, 2021

## Income Statement

In CHF 1000	Year ended December 31, 2020	Year ended December 31, 2019
Income from investments	61 535	69 887
Finance income	5 622	5 029
Other income	888	1 404
<b>Total income</b>	<b>68 045</b>	<b>76 320</b>
Finance expense	– 3 798	– 4 839
Change in provision for impairment of investments	– 1 490	– 10 229
Change in provision on loans to Group companies	– 344	– 14 709
Stewardship expense	– 3 556	– 3 528
Administration expense	– 1 982	– 1 565
<b>Total expenses</b>	<b>– 11 170</b>	<b>– 34 870</b>
<b>Profit before tax</b>	<b>56 875</b>	<b>41 450</b>
Tax expense	– 5	– 50
<b>Profit for the year</b>	<b>56 870</b>	<b>41 400</b>

## Balance Sheet

In CHF 1000	Note	At December 31, 2020	At December 31, 2019
<b>Assets</b>			
Cash and cash equivalents		1 022	597
Other receivables from third parties		86	63
Other receivables from Group companies		381	266
Loans to Group companies		39 915	24 529
Current assets		41 404	25 455
Loans to Group companies		58 262	71 833
Investments	2	204 292	197 711
Non-current assets		262 554	269 544
<b>Total assets</b>		<b>303 958</b>	<b>294 999</b>
<b>Liabilities and equity</b>			
Interest-bearing liabilities third parties		20 000	20 000
Interest-bearing liabilities Group companies		15 528	22 623
Other payables due to third parties		24	198
Other payables due to Group companies		2 371	318
Accrued expenses		1 073	897
Provisions		400	–
Current liabilities		39 396	44 036
Interest-bearing liabilities third parties		42 545	72 761
Interest-bearing liabilities Group companies		–	1 324
Provisions		980	980
Non-current liabilities		43 525	75 065
<b>Total liabilities</b>		<b>82 921</b>	<b>119 101</b>
Share capital	3	23 400	23 400
Legal reserves:			
Reserves from capital contributions		81	81
Other legal reserves		4 680	4 680
Treasury shares	4	– 263	– 232
Retained earnings		193 139	147 969
<b>Total equity</b>		<b>221 037</b>	<b>175 898</b>
<b>Total liabilities and equity</b>		<b>303 958</b>	<b>294 999</b>

## Notes to the Financial Statements

### 1. Accounting Policies

#### 1.1 Basis of preparation

The financial statements of Gurit Holding AG, Wattwil (the 'Company'), have been prepared in accordance with the provisions of Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).

The annual average number of full-time equivalents for 2020 and 2019 did not exceed fifty people.

The Company has prepared its consolidated financial statements in accordance with a recognised accounting standard (Swiss GAAP FER). In accordance with the Swiss Code of Obligations the Company decided to forgo presenting additional disclosures as well as a cash flow statement and management report.

#### 1.2 Valuation methods and translation of foreign currencies

All financial assets, including investments, are reported at cost less appropriate write-downs. Treasury shares are recognised at cost and deducted from equity at the time of purchase. If the treasury shares are sold, the gain or loss is recognised through the income statement.

Assets and liabilities denominated in foreign currencies are translated into Swiss francs using year-end rates of exchange, except investments, that are translated at historical rates. Transactions during the year which are denominated in foreign currencies are translated at the exchange rates effective at the relevant transaction dates. Resulting exchange gains and losses are recognised in the income statement with the exception of unrealised gains, which are deferred.

### 2. Investments

All direct and indirect investments of the Company are listed in note 27 to the Gurit Group's consolidated financial statements.

### 3. Share capital

The share capital at December 31 consisted of:

					2020
	Number of shares	in % of total	Par value in CHF	Share capital in CHF 1000	in % of total
Registered shares	240 000	36	10	2 400	10
Bearer shares	420 000	64	50	21 000	90
<b>Total</b>	<b>660 000</b>	<b>100</b>		<b>23 400</b>	<b>100</b>

					2019
	Number of shares	in % of total	Par value in CHF	Share capital in CHF 1000	in % of total
Registered shares	240 000	36	10	2 400	10
Bearer shares	420 000	64	50	21 000	90
<b>Total</b>	<b>660 000</b>	<b>100</b>		<b>23 400</b>	<b>100</b>

Regardless of the nominal value, each share is entitled to one vote.

Distributions to shareholders are made in relation to the share capital.

### 4. Treasury shares

In number of shares	2020	2019
<b>Registered shares</b>		
Balance at January 1	205	205
<b>Balance at December 31</b>	<b>205</b>	<b>205</b>
<b>Bearer shares</b>		
Balance at January 1	199	94
Additions at CHF 1 188 each (2019: CHF 1 006)	1 000	1 150
Disposals (used for share-based compensation)	– 1 004	– 1 045
<b>Balance at December 31</b>	<b>195</b>	<b>199</b>

## 5. Contingent liabilities

In CHF 1000	2020	2019
Guarantees in favor of customers of subsidiaries, as warranty security	<b>6 692</b>	2 697
Guarantees in favor of banks of the Group, in respect to credit frame agreements of the Group	<b>36 972</b>	34 428

## 6. Silent reserves

In CHF 1000	2020	2019
Release of silent reserves	<b>2 545</b>	12 781

## 7. Significant shareholders

In percentage of all voting rights (all above 3%)	2020	2019
Huwa Finanz- und Beteiligungs AG, Heerbrugg (registered shares)	<b>33.33%</b>	33.33%
Martin Bisang, Küsnacht	<b>15.15%</b>	10.00%
Robert Heberlein, Zumikon	<b>4.75%</b>	4.75%
Credit Suisse Funds AG, Zurich	<b>3.13%</b>	3.13%

## 8. Board and Executive shareholdings

In number of shares		2020
	Bearer shares held at year-end	Bearer shares allocated during the year
Peter Leupp (Chairman)	616	50
Stefan Breitenstein (member)	216	25
Bettina Gerharz-Kalte (member)	25	25
Nick Huber (member)	476	25
Urs Kaufmann (member)	431	25
Philippe Royer (member)	25	25
<b>Total Board of Directors</b>	<b>1 789</b>	<b>175</b>
Rudolf Hadorn (CEO)	814	154
Bing Chen (member)	116	50
Emiliano Frulloni (member)	50	50
Stefan Gautschi (member until June 14, 2020)	–	50
Hannes Haueis (member)	160	50
Lance Hill (member since May 1, 2020)	96	30
Michael Muser (member)	50	50
Frank Nielsen (member until April 30, 2020)	–	50
<b>Total Executive Committee</b>	<b>1 286</b>	<b>484</b>
<b>Total Management participation</b>	<b>3 075</b>	<b>659</b>

In number of shares		2019
	Bearer shares held at year-end	Bearer shares allocated during the year
Peter Leupp (Chairman)	566	50
Stefan Breitenstein (member)	191	25
Nick Huber (member)	451	25
Urs Kaufmann (member)	406	25
<b>Total Board of Directors</b>	<b>1 614</b>	<b>125</b>
Rudolf Hadorn (CEO)	1 380	300
Bing Chen (member)	130	50
Stefan Gautschi (member)	160	50
Hannes Haueis (member)	160	50
<b>Total Executive Committee</b>	<b>1 830</b>	<b>450</b>
<b>Total Management participation</b>	<b>3 444</b>	<b>575</b>

At December 31, 2020, Board of Directors member Philippe Royer held zero call options on the bearer shares of Gurit Holding AG (2019: 3 000 call options, strike price CHF 1 226, expiry date August 30, 2024).

## Proposal of the Board of Directors for the Appropriation of Available Earnings

### Appropriation of available earnings as proposed by the Board of Directors

In CHF 1000	2020	2019
Retained earnings carried forward from previous year	136 269	106 569
Net profit for the year	56 870	41 400
<b>Retained earnings available to the Annual General Meeting</b>	<b>193 139</b>	<b>147 969</b>
Dividend distribution	– 14 040	– 11 700
<b>To be carried forward</b>	<b>179 099</b>	<b>136 269</b>

If this proposal is approved by the Annual General Meeting on April 14, 2021, the distributions will be made as follows:

CHF 6.00 in total per registered share  
 CHF 30.00 in total per bearer share

The dividend distribution is payable on submission of voucher number 41.



# Report of the Statutory Auditor to the General Meeting on the Financial Statements

## Opinion

We have audited the financial statements of Gurit Holding AG, which comprise the balance sheet as at December 31, 2020, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2020 (pages 186 – 192) comply with Swiss law and the company's articles of incorporation.

## Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Our audit approach

### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall Group materiality	CHF 1 500 000
How we determined it	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark amount because, in our view, it is the benchmark against which the performance of the Holding Company is most commonly measured and is a generally accepted benchmark for Holding Companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 150'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

### **Audit scope**

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

### **Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority**

We have determined that there are no key audit matters to communicate in our report.

### **Responsibilities of the Board of Directors for the financial statements**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

## Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Patrick Balkanyi  
Audit expert  
Auditor in charge



Corinne Lüthy  
Audit expert



Zurich, February 26, 2021

## Explanation of financial terms used

Amounts in CHF million	Reference	2020	2019
Operating profit	Consolidated Income Statement	64.6	51.9
– Depreciation	Note 15	10.9	12.3
– Amortisation	Note 16	1.3	1.4
– Impairment	Notes 15, 16	–	6.4
<b>= EBITDA</b>		<b>76.9</b>	<b>72.0</b>
Additions to property, plant and equipment	Note 15	24.9	23.3
+ Additions to intangible assets	Note 16	1.8	1.4
<b>= Capital expenditures</b>		<b>26.7</b>	<b>24.7</b>
Current borrowings	Consolidated Balance Sheet	24.5	24.9
+ Non-current borrowings	Consolidated Balance Sheet	42.6	73.0
<b>= Total gross debt</b>		<b>67.1</b>	<b>97.9</b>
– Cash	Consolidated Balance Sheet	– 47.3	– 44.9
<b>= Net debt</b>		<b>19.9</b>	<b>52.9</b>
Total gross debt	as above	67.1	97.9
÷ EBITDA	as above	76.9	72.0
<b>= Gross debt / EBITDA ratio</b>		<b>0.87</b>	<b>1.36</b>
Equity	Consolidated Balance Sheet	172.0	146.0
÷ Total assets	Consolidated Balance Sheet	376.7	362.8
<b>= Equity in % of total assets</b>		<b>45.7%</b>	<b>40.2%</b>
Number of registered shares divided by 5 (nominal value weighted)	Note 21	48 000	48 000
+ Number of bearer shares	Note 21	420 000	420 000
<b>= Total number of shares (nominal value weighted)</b>		<b>468 000</b>	<b>468 000</b>
x Share price at December 31, in CHF		2 480.00	1 494.00
<b>= Market capitalisation at December 31</b>		<b>1 160.6</b>	<b>699.2</b>

Amounts in CHF million	2020 at 2019 exchange rates	2019	Currency adjusted growth
Net Sales			
Composite Materials	290.0	249.5	16.2%
Kitting	239.1	190.7	25.4%
Tooling	104.3	106.1	- 1.7%
Aerospace	32.5	53.5	- 39.3%
Inter-segment elimination	- 58.1	- 41.6	-
<b>Total continued operations</b>	<b>607.8</b>	<b>558.3</b>	<b>8.9%</b>
Discontinued operations (Composite Components)	2.2	18.1	- 87.9%
<b>Total Group</b>	<b>610.0</b>	<b>576.4</b>	<b>5.8%</b>

## Abbreviations used

<b>AC</b>	Audit Committee
<b>AGM</b>	Annual General Meeting
<b>APAC</b>	Asia Pacific
<b>AR</b>	Annual Report
<b>BoD</b>	Board of Directors
<b>BU</b>	Business Unit
<b>BU GM</b>	Business Unit General Manager
<b>CAPEX</b>	Capital expenditure
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CHF</b>	Swiss francs
<b>CHRO</b>	Chief Human Resources Officer
<b>COO</b>	Chief Operating Officer
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>CO<sub>2</sub>e</b>	Carbon dioxide equivalent
<b>COVID</b>	Coronavirus disease
<b>CTO</b>	Chief Technology Officer
<b>CVHC</b>	Chemicals of Very High Concern
<b>DSS</b>	Dupont Sustainable Solutions
<b>EAC</b>	Energy Attribution Certificate
<b>EC</b>	Executive Committee
<b>ECC</b>	Executive Compensation Committee
<b>ECHA</b>	European Chemicals Agency
<b>EH&amp;S</b>	Environment, Health and Safety
<b>EMEA</b>	Europe, Middle-East and Africa
<b>ESG</b>	Economic Social Governance
<b>EU</b>	European Union
<b>FY</b>	Financial Year
<b>GDPR</b>	General Data Protection Regulation
<b>GHG</b>	Greenhouse gas
<b>GJ</b>	Giga Joule
<b>GM</b>	General Manager
<b>GRI</b>	Global Reporting Initiative
<b>GSSB</b>	Global Sustainability Standards Board
<b>GW</b>	Giga Watt
<b>GWEC</b>	Global Wind Energy Council
<b>H&amp;S</b>	Health and Safety

<b>HR</b>	Human resources
<b>IRENA</b>	International Renewable Energy Agency
<b>ISO</b>	International Organization for Standardization
<b>kg/m<sup>3</sup></b>	kilogram per cubic metre
<b>KPI</b>	Key Performance Indicator
<b>kWh</b>	kilowatt-hour
<b>LMS</b>	Learning Management System
<b>LTAR</b>	Lost Time Accident Rate
<b>LTIR</b>	Lost Time Incident Rate
<b>MWh</b>	Mega Watt hour
<b>NCC</b>	Nomination and Compensation Committee
<b>NCEC</b>	National Chemical Emergency Centre
<b>NCR</b>	Non-Conformity Request
<b>NWC</b>	Net Working Capital
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OEM</b>	Original Equipment Manufacturer
<b>OH&amp;S</b>	Occupational Health and Safety
<b>OTIF</b>	On-Time-In-Full
<b>p.</b>	page
<b>pp.</b>	multiple consecutive pages
<b>PET</b>	PolyEthylene Terephthalate
<b>PhD</b>	Doctor of Philosophy
<b>PTC</b>	Production Tax Credit
<b>R&amp;D</b>	Research and Development
<b>REACH</b>	Registration, Evaluation and Authorisation of Chemicals
<b>SPI</b>	Swiss Performance Index
<b>SR</b>	Sustainability Report
<b>SVHC</b>	Substances of Very High Concern
<b>Swiss GAAP FER</b>	Accounting and Reporting Recommendations (a Swiss Standard)
<b>tCO<sub>2</sub>e</b>	Metric tons of carbon dioxide equivalent
<b>TM</b>	Trade Mark
<b>UNGC</b>	United Nations Global Compact
<b>UV</b>	Ultra Violet
<b>WTG</b>	Wind Turbine Generator
<b>YE</b>	Year End

## Gurit Addresses

### Registered office

Gurit Holding AG  
Ebnaterstrasse 79  
CH-9630 Wattwil  
Switzerland

### Gurit Group Management

Gurit Services AG  
CEO Office  
Thurgauerstrasse 54  
CH-8050 Zurich  
Switzerland  
Phone +41 (0)44 316 15 50

### Gurit Investor Relations

Gurit Services AG  
Thomas Nauer  
Head of Marketing & Corp. Communications  
Thurgauerstrasse 54  
CH-8050 Zurich  
Switzerland  
Phone +41 (0)44 316 15 55  
E-mail: [investor@gurit.com](mailto:investor@gurit.com)

[www.gurit.com](http://www.gurit.com)

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### Imprint

Gurit Holding AG, Wattwil, Switzerland  
c/o Gurit Services AG, Thurgauerstrasse 54, CH-8050 Zurich  
Thomas Nauer, Group Communications / Investor Relations

This Annual Report contains forward-looking statements that include risks and uncertainties regarding the future global developments that cannot be influenced by the Company.

