

# RESPONSIBLE SUPPLY CHAIN

## RESPONSIBLE SUPPLY CHAIN OVERVIEW 2023

### IDENTIFY AND MANAGE SOCIAL AND ENVIRONMENTAL RISKS AS WELL AS GREENHOUSE GAS REDUCTION TARGETS ACROSS THE SUPPLY CHAIN

- ✓ Due diligence process in place.
- ✓ Sustainability supplier engagement initiated.
- ✓ Performed annual pre-screening risk assessment for the top spend suppliers.
- ✓ Supply chain sustainability newsletter first published in Q3 2023 to our top spend and strategic suppliers.
- ✓ Responsible Supply Chain training provided in 2023, focused on Human Rights and Child Labor.
- ✓ Compliance and Social Responsibility clause included in General Terms and Conditions, will be rolled out in 2024.
- ✓ Identification of CO2 reduction opportunities/initiatives.

#### Challenges and Opportunities

- Diversity of supplier profiles makes sustainability engagement quite challenging. However, this is an opportunity to open new communication channels.
- Find an efficient way of managing the risk of the medium and small suppliers that represent a low percentage of our spend and are not included in our supplier risk system assessment.
- Due diligence is an ongoing process that is continually reviewed, with business changes integrated where required. Communication of our Supplier Code of Conduct and the Corporate Social Responsibility clauses included in our Terms and Conditions must be continuous to ensure engagement.
- Due to the complexity of achieving greenhouse gas reductions in a multi-tiered supply chain there remains a risk of low supplier engagement, especially smaller or medium-sized suppliers not yet subject to regulatory or stock market's ESG requirements.

We establish responsible procurement practices in terms of social, environmental, governance, and economic aspects.



Contributing to the United Nations SDGs

## SUSTAINABILITY AT THE HEART OF OUR SUPPLY CHAIN

Our supply chains are vital to Gurit and impact our environmental, social and financial performance. Sustainability must therefore be a central consideration in our supply chain activities.

Responsible procurement practices have been identified as a material area for Gurit. In terms of the environment, greenhouse gas emissions, transportation, prevention of pollution and waste, and circularity are particularly important. In the social domain, human rights, in particular the prevention of child labor, health & safety and social risks are key considerations, alongside an ethical conduct of business in line with our Code of Conduct.

### GOVERNANCE AND ORGANIZATIONAL RESPONSIBILITIES

Responsible Supply Chain is one of the workstreams of Gurit's sustainability organization and is sponsored by the Chief Procurement Officer. As our supply chain touches various areas of our operations, some supply chain-related topics and standards are covered by other Gurit sustainability workstreams, such as Resource Utilization, Equality & Diversity and Good Governance. The workstream has periodic meetings with its sponsor and sustainability coordinator to discuss the status of initiatives implemented, progress towards goals and resolve roadblocks. The workstream leader also holds regular meetings with the procurement team to discuss, inform and track the status of each goal.

GRI 3-3 Management of material topics

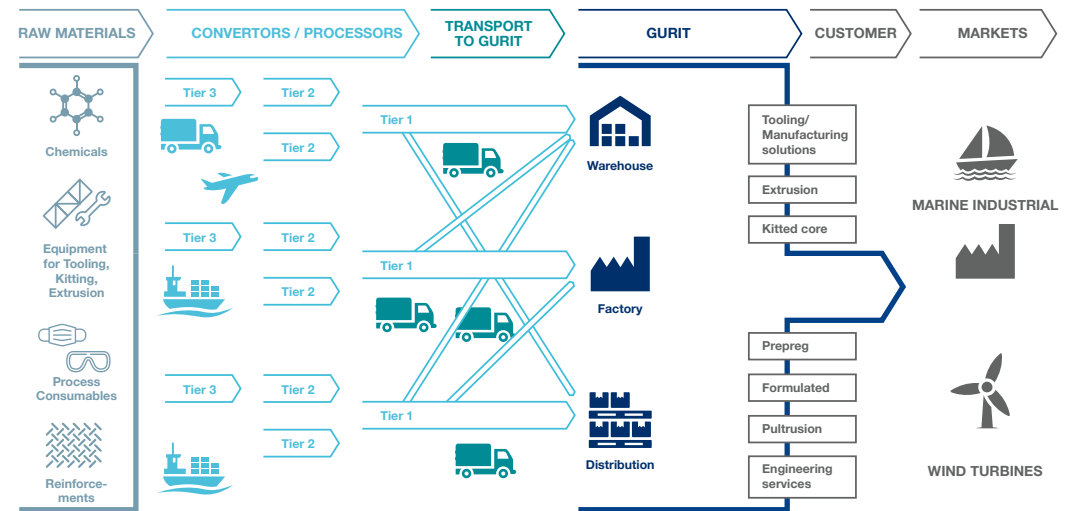


## SUPPLY CHAIN STRATEGY AND MANAGEMENT SYSTEMS

Gurit fosters responsible procurement across all areas of the supply chain, including raw materials, transportation, production processes and services. We determine priorities based on our sustainability strategy and materiality analysis. Furthermore, we consider the regulations in Switzerland, where the company is headquartered and publicly listed, as well as regulations at our production sites which consume or process the procured items and services.

Gurit purchases raw materials, semi-finished products and equipment from suppliers. These include chemicals, fibers, fabrics, and equipment, which are converted into advanced composite products and manufacturing solutions for the wind energy, marine and other industrial sectors. Our customers are usually composite component manufacturers, either building in-house to be integrated into a final product (such as wind blades for a wind turbine), or an independent composite specialist who supplies components to a range of customers (such as supplying hatches and masts to boatbuilders).

### OUR SUPPLY CHAIN MAP



In 2023, our procurement team established the foundations of the due diligence process and started to collect information from the long-term strategic suppliers who use the Sedex platform. The communication channels we have built in 2023 have proven essential to fostering engagement in the process, and we will continue with further engagement initiatives in 2024.

STRATEGY, MGMT SYSTEMS, POLICIES, DUE DILIGENCE



“Establishing sustainability within our supply chain is complex. The Gurit procurement team has been determined to tackle this head-on, further develop relationships to get our suppliers on board and engage them where possible. We are pleased with the start we have made, and look forward to making further progress in 2024, while accounting for business changes, new suppliers and sustainability requirements.”

**Jordi Cunill**, Chief Procurement Officer

### SUPPLIER STANDARDS

Our suppliers are required to comply with social and environmental best practices, regulatory requirements and the supplier standards of the Gurit Group. They are formalised in Gurit’s → **General Terms and Conditions** and our → **Supplier Code of Conduct**.

**An updated version of the Gurit Supplier Code of Conduct was published in 2023**, specifying norms of behavior in all our activities related to: human rights, labor rights, employee health and safety, environment, and business ethics and integrity.

**In 2023, the Responsible Supply Chain workstream and the Gurit Legal department incorporated Corporate Social Responsibility clauses in the General Terms and Conditions.** These included measures to minimize environmental impact, requirements to answer a due diligence/risk assessment questionnaire, and reference to the Supplier Code of Conduct. These Terms and Conditions will be rolled out in 2024.

The standards mentioned are aligned with our due diligence process, are essential for engagement with suppliers and are actively communicated to them.

A Modern Slavery Statement is available on the Gurit website → [www.gurit.com/policies](http://www.gurit.com/policies)

**During 2023, Gurit has not found any exposure to modern slavery or human trafficking in our supply chain.**

### OUR DUE DILIGENCE PROCESS

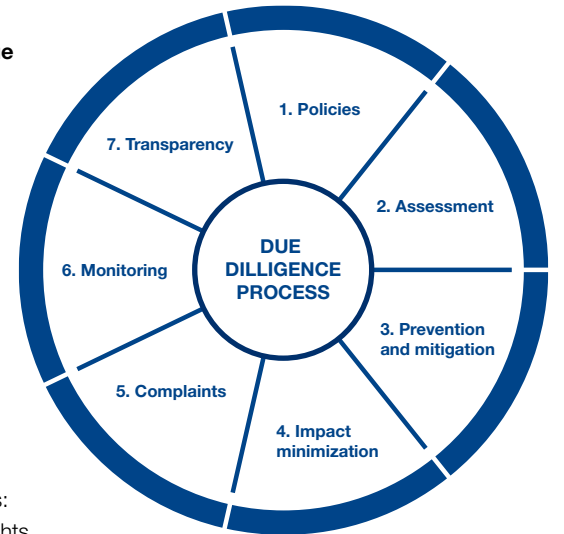
**In 2023, the Group Procurement team developed a due diligence process as a basis for responsible sourcing and global supply chain management of raw materials and services.**

The Gurit supplier due diligence process is part of the risk management system across the supply chain. It aims to establish risk-based measures and key performance indicators for the evaluation and monitoring of our suppliers’ compliance. It also provides a framework to identify, prevent, mitigate, and address actual and potential adverse impacts in our supply chain.

Our supplier due diligence process is aligned with and considers all human rights contained in international frameworks: OECD, UN Guiding Principles on Business and Human Rights, UNGC principles, as well as ILO conventions and Child Labor Guidance tool.

Additional tools and resources that allow us to fulfil the due diligence process include the Supplier Code of Conduct, the Report-a-Concern process, General Terms and Conditions, and the Sedex platform.

It is a circular process, which we expect to continually improve.



### PROCUREMENT TEAM TRAINING AND ENGAGEMENT

Procurement team engagement with sustainability has been one of our priorities this year. **In 2023, sustainability training has been focused on the due diligence process, human rights and child labor.** Training remains an annual target.

- GRI 2-6 Activities, value chain and other business relationships
- GRI 2-23 Policy commitments
- GRI 2-24 Embedding policy commitments
- GRI 2-25 Processes to remediate negative impacts
- GRI 3-3 Management of material topics



## SUPPLY CHAIN RISK ASSESSMENT PROCESS



Gurit is committed to extending its supply chain risk management systems, ensuring that they cover not only economic, but also environmental, social and good governance-related aspects in line with our sustainability policy.

In 2023 we initiated a supply chain risk assessment process based on the due diligence process, which considers our stakeholders, ESG ratings and standards. This enables us to better evaluate and manage our key supply chain risks and has been an opportunity to further engage with our suppliers and communicate Gurit’s sustainability ambitions and commitments.

This will also help us comply with new ESG legislation requirements, for instance those included in new Swiss legislation on corporate responsibility, as well as the upcoming legislation related to climate-related disclosures.



Gurit’s supply chain risk assessment process

The Gurit suppliers who are assessed for the level of the risk that they may bring to the company are those who make up 80% of our total spend, strategic suppliers and occasionally additional suppliers.

The first step is to collect and analyze data from and about our suppliers so they can be categorized, and we can build an overall picture of our supply chain. This is based on gathering comprehensive information about suppliers, their products, and their adherence to ethical, social, and environmental standards.

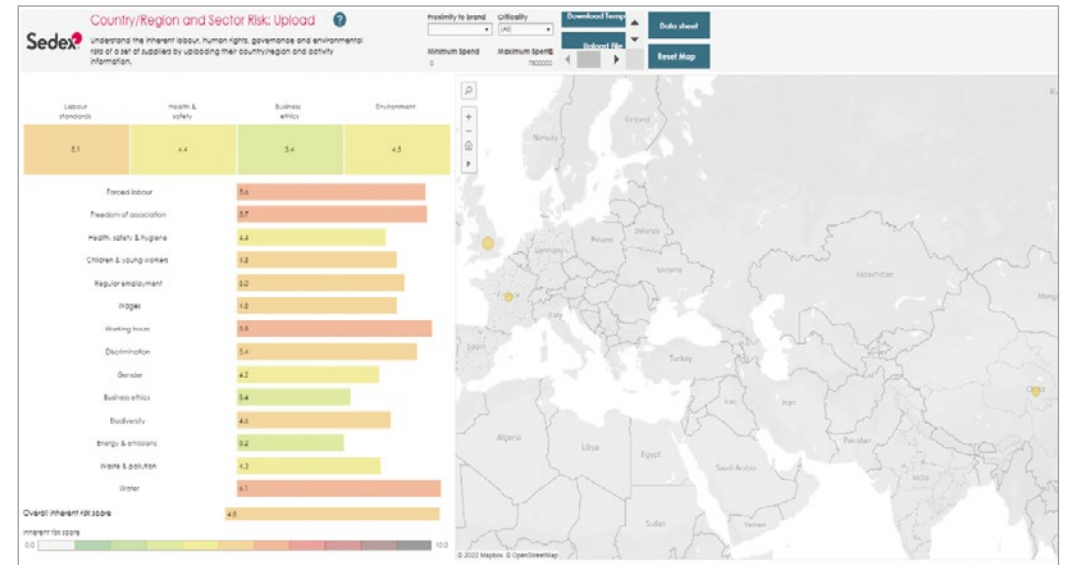
We do this in two ways: firstly, using the pre-screening tool in the Sedex platform, where country and sector risks are assessed. Secondly, we ask the suppliers to complete a full supplier ESG questionnaire within Sedex, which includes health and safety information, environmental, social, business ethics and labor criteria, specific to their business and its activities.

**81 Gurit suppliers were included in the supply chain risk assessment process in 2023.**

“Sustainability is our responsibility as an individual but also as Gurit employees. Whenever I meet with suppliers, I ask them what they are currently doing to reduce their carbon footprint - this is both to evaluate them and to discover new ideas that might also be relevant to Gurit. We take a collaborative approach to sustainability in our supply chain.”



**Francisco Cano**, Category Manager Indirect Spend Purchasing and Responsible Supply Chain workstream lead



Screenshot of Sedex platform that supports us in determining the ESG risk of our suppliers

The ESG assessment, along with other general information, specific KPIs and financial data, will determine the severity of risk posed to Gurit by the supplier, their activities and behaviors. In 2024 we will continue to develop this process, working with suppliers to gather further information if required, and developing action plans to mitigate and prevent risk within the supply chain. The ESG assessment is repeated annually alongside the pre-screening.

Effective use of the new supply chain risk assessment process and the Sedex platform forms part of the procurement team’s KPIs.

## SUPPLIER PERFORMANCE AND NON-COMPLIANCE MONITORING

Supplier performance is managed by the Category Manager and is based on the due diligence process. The evaluation of suppliers is continuous; at least once a year, Gurit assesses suppliers across three areas: general information/KPI's, financials, and sustainability. The expertise of the Category Manager is crucial in ensuring the accuracy and reliability of these evaluations.

## SUPPLIER ENGAGEMENT

Engagement with suppliers has been a challenging area for us, especially in relation to completion of the ESG risk assessment. For this reason, **from mid-2023 Gurit adopted a communication strategy to help raise engagement.**

**One initiative is the Responsible Supply Chain newsletter which was first distributed in Q3 2023.** This quarterly communication aims to inform to our top spend suppliers about our sustainability actions and other relevant initiatives.

The procurement team actively speaks with suppliers about sustainability, with the topic tabled whenever a meeting is held.

The updated General Terms and Conditions, which includes a clause relating to Corporate Social Responsibility, also aims to foster engagement with suppliers around sustainability.

- GRI 2-6 Activities, value chain and other business relationships
- GRI 2-25 Processes to remediate negative impacts
- GRI 308-1 New suppliers that were screened using environmental criteria
- GRI 308-2 Negative environmental impacts in the supply chain and actions taken
- GRI 3-3 Management of material topics
- GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
- GRI 414-1 New suppliers that were screened using social criteria
- GRI 414-2 Negative social impacts in the supply chain and actions taken

## HUMAN RIGHTS AND PREVENTION OF CHILD LABOR IN OUR SUPPLY CHAIN

A human rights and child labor assessment was included as a part of the ESG risk questionnaire in 2022, and this has continued in 2023.

**No human rights, child labor or forced labor incidents were reported or identified in 2023.**

As part of our sustainability strategy implementation, we have so far identified very few areas where we see potential risks of infringements within our supply chain.

However, two areas we monitor are the sourcing of recycled PET and balsa raw materials. They come from marketplaces with many small and medium sized suppliers with a low likelihood of guaranteed origin traceability.



- GRI 2-23 Policy Commitments
- GRI 3-3 Management of material topics
- GRI 408-1 Operations and suppliers at significant risk of child labor
- GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor
- GRI 414-1 New suppliers that were screened using social criteria
- GRI 414-2 Negative social impacts in the supply chain and actions taken

## CONFLICT MINERALS

Gurit does not use or intentionally introduce any products containing potential conflict minerals into its products. Minerals such as tin, tungsten, tantalum and gold (3TG) are not normally necessary to the functionality of Gurit products.

Gurit is not subject to the new art. 964j seqq. of the Swiss Code of Obligations (CO), which sets out due diligence obligations in relation to conflict minerals applicable as of 1 January 2023, as Gurit does not import or process in Switzerland minerals containing tin, tantalum, tungsten or gold or metals from conflict-affected and high-risk areas.

Likewise, Gurit is not subject to EU Regulation 2017/821, as Gurit does not import tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.

Recognizing the importance of addressing the issue of conflict minerals globally, Gurit has proactively implemented voluntary measures, such as the → **Conflict Minerals Policy** and requests our material suppliers' cooperation in confirming that the materials they provide do not contain conflict minerals.

➤ GRI 3-3 Management of material topics

## SUPPLY CHAIN GREENHOUSE GAS EMISSIONS

Our supply chain has an important impact on our greenhouse gas footprint. While we do not yet have detailed and reliable data for all aspects of our supply chain, we currently estimate that it generates more than two thirds of our footprint, both in terms of materials and the related transportation.

### GREENHOUSE GAS DATA COLLECTION

Data collection along the supply chain is a complex task due to the absence of standards and the unavailability of certain data. Gurit strives to extend both the coverage and quality of scope 3 related data from the supply chain with the introduction of the Sedex supply chain risk management system, supplier questionnaires and the use of available industry databases and internal estimates.

We plan to:

- Further analyse scope 3 by category.
- Prioritize suppliers for review and engagement (based on their GHG emissions impact and risk).
- Increase collaboration on sourcing between product development and supply chain teams.



## GREENHOUSE GAS REDUCTION INITIATIVES

Scope 3 emissions under the Greenhouse Gas Protocol (GHGP) are related to supply chain activities and their impact. **Therefore, in 2023 we identified potential greenhouse gas reduction initiatives, which are mainly linked to transportation, chemicals and packaging,** and have used this to set further targets:

- Adopt a multimodal transportation approach, enabling us to reduce transport-related greenhouse gas emissions and save costs.
- Implementation of Industry 4.0 targeted sites which will reduce our emissions thanks to online/remote support for our machinery.
- Search for more sustainable alternatives to chemicals we are buying.
- Monitor packaging and set a reduction target by end of 2024.

Further greenhouse gas reduction initiatives will be identified in 2024 and added to the list above.

➤ GRI 308-1 New suppliers that were screened using environmental criteria