

Sustainability Report

At Gurit, we strive to deliver the future of composite solutions. Our vision is also reflected in our understanding of sustainability: to support customers and business partners, on the one hand, in creating future-oriented, cost-competitive renewable energy from wind and ocean power plants. On the other hand, to help them improve energy efficiency and power consumption through transformation of traditional, heavier structures into lightweight, durable solutions. Key enablers for these targets are product and process innovation, customer proximity, people development and a management strategy that incorporates strong business ethics. Taken together, this will create added value for all our stakeholders.

For several years now, Gurit's disclosures have included reporting on economic, environmental, social and governance-related developments. In order to align our disclosures with international reporting standard practice, we have decided to start adopting the Global Reporting Initiative (GRI)'s G4 Sustainability Reporting Guidelines as a reference and framework.

Given the size of our organization and the global spread of our business activities, we will start adopting the G4 reporting principles and standard disclosures incrementally. This will allow us to implement the necessary internal processes and monitoring tools over time.

Although it will take some time to align our business activities with these comprehensive reporting standards, we aim to be transparent in what we do and to achieve a certain compliance level with these international standards. In the meantime, we will rely on dialogue with our stakeholders so we can continuously improve pursuing our strategy and achieving sustainable profitable growth.

Introduction

Gurit has started using the GRI G4 Sustainability Reporting Guidelines as a framework for discussing sustainability performance. As such, the 2015 report does not aim to provide a comprehensive overview of the range of G4 topics. Instead, it focuses solely on certain indicators.

These indicators have been both selected and presented in alignment with key Company stakeholders: customers and distributors, employees and the environment.

Customers

Operating in a comparatively new industry, the Company aims to go beyond simply maintaining sustainable relationships with customers and business partners. To do this, the Company helps them achieve their performance and cost reduction goals and derive many benefits from the transformation of traditional structures into lightweight and durable solutions. Bringing best value to customers has been a priority for Gurit since the very beginning. Based on the deep involvement of many Gurit employees in their respective industries and their passion for contributing to the long-term success of these industries, Gurit can proudly state that it knows well what drives its customers and its markets.

In addition to participating in industry conferences and trade shows around the world, Gurit also conducts regular customer surveys to assess the performance of its products, logistics, and technical and sales support. This ensures close customer relationships in which customers receive the level of support needed to succeed. Feedback from these surveys is taken into consideration when improving processes and creating product and innovation roadmaps.

Producing chemical products and solutions for Gurit also means adhering to health and safety standards within the organization and on a customer level. This means the Company places a premium on technical training, product safety data sheets (SDS) and awareness building for correct handling procedures. Distributors are included as an essential part of the Company's business model and of market-penetration efforts worldwide. Distributors selected by Gurit enjoy specific training courses on site, which ensures that they are not only able to accurately represent product offerings but also that they further adhere to best practices, which ultimately benefits the customers.

Employees

Gurit is operating in a comparatively young industry and serves markets which show certain cyclicity, such as the wind energy and automotive segments. As part of its sustainable business model and in order to maintain and nurture a strong capability and competency level amongst its global staff, the Company focuses on a multi-skilled core team. In line with demand, this core team is supplemented by temporary workers and subcontractors to cope with peaks. Despite this strategy, the Company at times needs to adjust staffing in individual business areas. In 2015, Gurit had to lay off some 70 employees in the composite components production in the U.K. due to the expiration of projects that could not be compensated for with new contracts. At the same time, some 80 new employees were hired for the Company's strongly growing balsa wood and Tooling business activities.

Employee Structure

As of the end of 2015, Gurit provided work for 2 094 employees (2014: 2 135). Excluding temporary employees as well as apprentices and trainees, this can be broken down into 2044 full-time and 50 part-time positions.

Committed to fair and equal employment, the Company employs a workforce consisting of individuals from around 20 different nationalities. The gender breakdown of the Gurit Group is as follows:

- Board of Directors: 5 men, 0 women
- Group Management: 6 men, 0 women
- Senior Management: 29 men, 5 women

Overall, of the 2 094 employees, 1 775 are men and 319 are women. This corresponds to a 15.2% share of women in the workforce. The age breakdown of Gurit's global workforce shows a good mix across all age groups. 507 employees are under 30; 1 364 are between ages 30 and 50, and 223 are over 50 years old. All Members of the Gurit Board of Directors are over 50 years old. Regarding the age breakdown of Gurit Group Management, two individuals are between 30 and 50, and four are over 50.

Occupational Health & Safety

Maintaining a high standard of technical expertise, assuring high-quality production processes and ensuring safety in the workplace are major priorities for Gurit. The Company is aware of the fact that employees could be affected by certain aggressive chemicals we deal with, by processing dust, steel welding, as well as lifting and transportation of heavy equipment. Therefore, the Company constantly strives to de-risk its employees and operations through specific training sessions and procedural changes for high-risk areas and processes.

Gurit tracks workplace safety at its global sites according to two categories: Accidents are defined as events that result in injury or ill health involving employee absence. Incidents are defined as events that involve injury but do not result in employee absence. In 2015, the Corporate Materials segment reported 203 incidents (2014: 253) and 18 accidents (2014: 25) worldwide. The Composite Components segment recorded 14 incidents and 11 accidents in 2015. In the Tooling segment, nine incidents and four accidents occurred in 2015 compared to six accidents and 13 incidents in 2014.

Education & Training

One of the key principles for securing long-term growth and Company success at Gurit is “success through people.” The Company does not only pay attention to the development and management of its personnel, it has also initiated various assessments and training programs over the course of 2015. Starting from the top of the organization and moving downward, first skill gaps were identified and tailored programs developed for tapping into existing potential, thereby fostering employee improvement and ensuring the Company will have the most talented and skilled workforce in the industry.

The Company launched a new learning management system at the beginning of 2016. This software will not only provide Gurit with a tool for flexible on-demand training but also ensures that all employees complete mandatory learning modules, such as one on the Company’s Code of Conduct.

Furthermore, we also want to increase transparency in our organization when it comes to salaries and grading. Therefore, we are working with an international consultancy firm. They are aiding us in benchmarking our salary levels, making sure that they align with industry standards for the respective countries, regions and skill levels, and in further improving our career development paths.

Code of Conduct

The Gurit Code of Conduct is an essential element of the Company’s corporate and business management. As such, the Gurit Board of Directors, Group Management and all employees are expected to fully adhere to the principles and guidelines outlined in the Code. Strict compliance with all pertinent legal and regulatory requirements is also required. Acknowledgement and acceptance of the Code therefore forms part of every staff member’s terms of employment. In case of uncertainty or doubt, Gurit employees are expected to seek guidance from their line managers, Group management or the Chairman of the Audit and Corporate Govern-

ance Committee of the Gurit Board of Directors. The Gurit Code of Conduct is available on the Company website www.gurit.com in five languages.

Environment

Gurit is committed to a production concept combining economic manufacturing with minimal ecological impact. The Company strives to achieve this aim through a dedicated focus on customer needs; a superior level of technology and competence; operations excellence; and environmental, social, and ethical best practices and conduct. As part of its ongoing measures, Gurit has started to certify its facilities according to ISO 14001. The Company continues to raise the general awareness surrounding sustainability, especially when it comes to employees who are in a role of imparting instructions.

In 2013, Gurit installed solar photovoltaic panels on both production sites on the Isle of Wight, U.K., to reduce the amount of nonrenewable energy consumed. Energy from both photovoltaic installations covered almost 10% of the 6 500 megawatt hours of electricity consumed in 2015. All photocopiers and printers in the U.K. offices were replaced with more energy-efficient machines, which represent yet another step towards a better energy balance. This step also reduced paper consumption for 2015 by 120 000 sheets of paper compared to previous years’ average consumption.

Waste output is another major topic at the Company’s U.K. production sites. A waste recycling program has been in place since 2004, and the amount of recyclable waste grows every year. In 2015, more than 84% of the yearly waste outcome, approximately 1 160 tons, has been recycled by a disposal contractor. 9% of the waste outcome was transferred for safe and authorized disposal, and only the remaining 7% was sent to the local landfill.

Gurit supports sustainability in many ways at its balsawood production facility in Ecuador. The Company strives to reduce the amount of unusable raw mate-

rial and to utilize the wood as efficiently as possible. The Company also supports its local suppliers, mainly small farmers, with advice and support for improving their processes, such as sealing drying ovens. Furthermore, Gurit maintains steady relationships with local suppliers rather than buying in irregular or cyclical patterns. The Company's long-term orientation helps maintain the diversity of plant and animal life in the local regions. It also prevents the spread of monoculture plantations with their various disadvantages for nature and humankind.

Society

As explained in the Company's Code of Conduct, ethical behavior is a key Gurit principle. Accordingly, the Company does not donate funds to political parties.

Sponsorships

Gurit intends to implement a sponsorship guideline in the course of 2016 to further enhance transparency on this topic. In general, the motivating force and focus of sponsorships are to support research and development activities, sustainability projects and individual sportsmen or teams within the Company's target vertical markets. When deciding which individuals and activities to support, emphasis is placed on high ethical and moral standards. Financial sponsorship did not exceed CHF 25 000 in 2015. Gurit reports its sponsorship activities on the Company's Facebook page as well as in *Shape – The Gurit Magazine*.