Pure Freude an Wasser

GROHE

GROHE AG
CLEAR COMMITMENT
SUSTAINABILITY REPORT 19/20

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DEAR READER,

The water crisis is one of the top five risks worldwide, the demand for energy continues to rise relentlessly, and since 1980 the pollution of the oceans by plastic waste has increased tenfold. If you follow the Global Risks Report 2020 from the World Economic Forum, there has never been a more urgent need for action. And now more than ever, corporations are being called upon to make effective contributions to the transformation for a sustainable future.

I'm very proud that here at GROHE we've been actively driving change for 20 years now. Ever since, the topic of sustainability has been a central component of our strategy and is given a holistic focus through our 360-degree sustainability approach, which encompasses employees, suppliers, customers, processes, products and our contribution to society in equal measure.

We not only aim to achieve our own ambitious sustainability goals, but also place them in a broader context. Since we're part of LIXIL's strong brand portfolio, our strategy is based on LIXIL's vision for sustainable living. Central to this are three strategic pillars that form the basis for all corporate activities: 1) Creating global sanitation and improving hygiene conditions for 100 million people by 2025, (2) Building a circular economy to conserve natural resources and achieve CO_2 neutrality, and (3) Establishing an inclusive culture within the LIXIL organisation and developing products that follow the LIXIL Universal Design concept. Together, we're also working hard to achieve the United Nations' 17 Sustainable Development Goals SDGs. Special attention is paid to clean water and sanitation (SDG 6), humane work and economic growth (SDG 8), promoting sustainable consumption and production patterns (SDG 12), and developing policies to combat climate change (SDG 13).

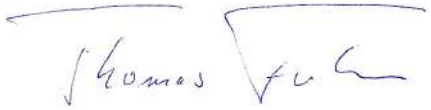
In April 2020, this meant we were able to reach an important milestone in our sustainability goals and set new standards in the industry: we became the first of the leading sanitary brands to produce CO2-neutral. The "GROHE goes ZERO" initiative ties in seamlessly with numerous measures in our plants that promote reducing our CO_2 footprint and conserving resources: Since July 2019, we've been using green electricity at all five production sites in Hemer, Lahr, Porta Westfalica, Albergaria and Klaeng, as well as at the German logistics centres. We've also invested in solar technology, combined heat and power plants and innovative, material-saving manufacturing processes such as 3D metal printing to ensure a resource-efficient value chain. To compensate for so far unavoidable CO_2 emissions, we support two offset projects in India and Malawi.

But we not only want to reduce our ecological footprint in production, but also help consumers achieve a sustainable lifestyle through resource-saving product solutions, offering them relevant added value while protecting the environment. With GROHE Blue, for example, a family of four can save up to 800 plastic bottles a year[1] – chilled, filtered and, if desired, carbonated water flows directly from the kitchen faucet thanks to the intelligent way in which the water system works. In this way, it promotes a change in consumer behaviour toward sustainable drinking water consumption.

Even beyond the product level, GROHE is actively addressing the problem of plastic waste: in 2018, we launched the "Less Plastic Initiative" with the aim of replacing plastic packaging in our products with more sustainable alternatives. To date, this has saved around 32 million packages made from plastic material; by 2021, this figure will increase significantly up to 35 million. The objective of reducing plastic waste is also reinforced by the cooperation with everwave. United in the vision to achieve clean water by reducing plastic waste in oceans and rivers, GROHE supports the project in more ways than just financially. On top both partners want to raise public awareness of the plastic issue and promote a more sustainable lifestyle.

In December 2020, we were honoured twice with the German Sustainability Award 2021 for our commitment. This is a major recognition for us, and we were very honoured to receive it. In addition, GROHE is part of the "50 Sustainability & Climate Leaders" initiative, which aims to drive sustainability transformation based on the UN's 17 Sustainable Development Goals.

Sustainably shaping the future of water – with this mission, we want to actively contribute to the change towards a sustainable world. For us, sustainability is a ongoing journey and one on which we must continue to show courage. This is how we will be able to pave the way for a sustainable economy, address global challenges and improve people's quality of life.



Your Thomas Fuhr
Leader Fittings LIXIL International and Co-CEO Grohe AG

[1] *DUH 2019, www.duh.de/mehrweg-klimaschutz0/einweg-plastikflaschen*

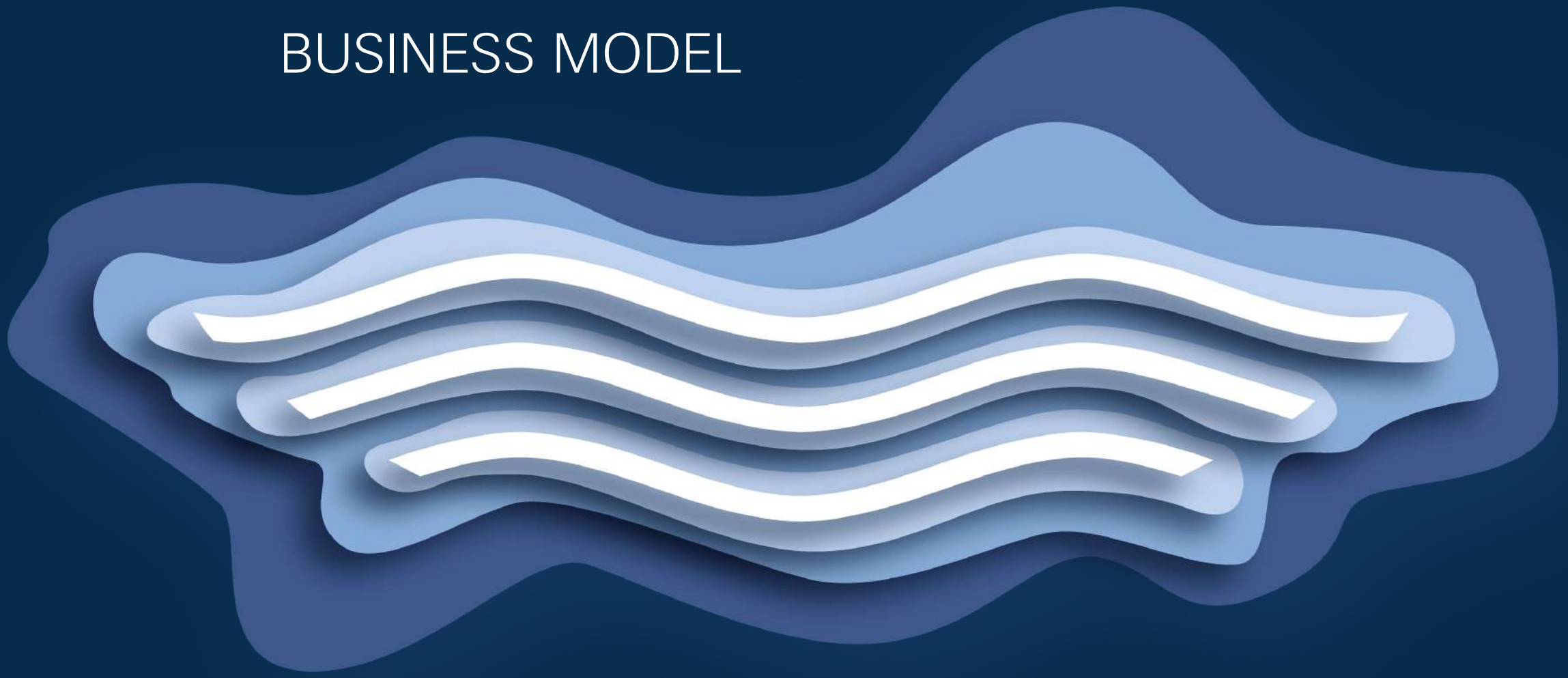
Thomas Fuhr
Leader Fittings LIXIL International
and Co-CEO Grohe AG

"For me, acting sustainably doesn't just mean preserving resources. The health and safety of our employees, suppliers, customers and partners is a top priority at GROHE. This includes creating safe and equitable working conditions, product development that focuses on customer health and safety, but also an effective compliance system. At GROHE, there's no room for discrimination, corruption or anti-competitive behaviour. Sustainable economic success puts people at the centre."

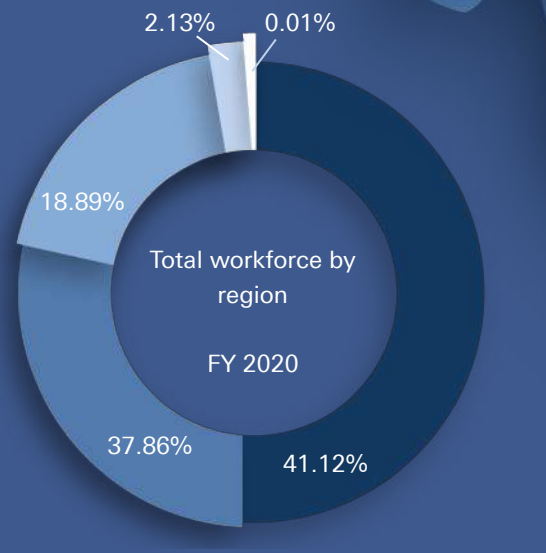
Jonas Brennwald
Leader LIXIL EMENA
and Co-CEO Grohe AG

"In a world where one in four people have no access to essential sanitation and where 800 young children die every day from diarrhoeal diseases due to a lack of clean water, it's a matter of course for us that we have to accept social responsibility. As part of LIXIL, we support initiatives like "Make a Splash!", which improves hygiene in underserved communities through affordable toilet solutions. With our installer training for socially disadvantaged young people, we're also improving the living conditions of many people: we create future perspectives and ensure the development of a sanitary supply. We also influence positive social development with our LIXIL Community Day. Each year in October, colleagues around the world get involved in social projects and work together to bring about sustainable change in our society."

BUSINESS MODEL



GROHE **WORLDWIDE**



Graphic 01: GROHE sites

REVENUE SHARE 2020*
BY PRODUCT CATEGORIES

**Period: financial year 2020*

Graphic 02: sales share by product categories FY 2020

1.1.
BRANDS, PRODUCTS AND SERVICES

GROHE is a leading global brand for holistic bathroom solutions and kitchen fittings. As a complete bathroom supplier, GROHE offers faucets, thermostats, shower heads as well as shower systems, installation and flushing systems, WCs, ceramics and accessories for the bathroom under its brands **GROHE, GROHE SPA and GROHE Professional**.
In the kitchen, the collection includes faucets and water systems, sinks, waste systems and accessories. The third area of business focuses on digital innovations such as the water security system **GROHE Sense.**

The GROHE SPA brand features individual concepts and premium products to transform any bath into a personal wellness area. The GROHE Professional brand supports tradesmen in their daily work with products, services and training in all matters concerning professional sanitary installations.

As a leader in technology and innovation, GROHE repeatedly takes on a pioneering role with its trend-setting product solutions in the sanitary industry and for many years has relied on the brand values of quality, technology, design and sustainability to provide the "Pure Freude an Wasser" ("Pure Joy of Water"). Aligned with the needs of customers, GROHE creates smart, life-enhancing and sustainable product solutions that offer relevant added value and bear the "Made in Germany" seal of quality: R&D and design are firmly established as an integrated process at the German site.

1.2.
OWNERSHIP STRUCTURE AND LEGAL FORM

GROHE Holding GmbH (hereafter referred to as GROHE) is a wholly owned subsidiary of LIXIL Europe S.à r.l, Luxembourg (known as GROHE Group S.à r.l. prior to 26th April 2020), which has been wholly owned indirectly by LIXIL Group Corporation since September 2016. In January 2014, by means of a joint venture, GROHE was acquired by the LIXIL Group Corporation (hereinafter referred to as LIXIL), a company listed on the Tokyo Stock Exchange, and the Development Bank of Japan Inc. LIXIL develops trend-setting water technologies and building equipment. Building on its Japanese heritage, LIXIL develops world-leading technologies and leverages its innovative strength to produce high-quality products that simplify customers' lives. Among LIXIL's strong brand portfolio are industry-leading brands such as INAX, GROHE, American Standard and TOSTEM, which are part of the daily lives of more than one billion people. LIXIL employs about 60,000 employees in more than 150 markets.

PART OF LIXIL

1.3.
SCOPE OF BUSINESS OPERATIONS

The focus of GROHE's approximately 7,000 or so employees worldwide always centres on the development of innovative products with a high added value for customers. With an effective sales organisation, the brand operates in more than 130 countries and conducts business in more than ten currencies. Within the global production network with consistent high manufacturing standards, GROHE products are manufactured with unique precision technology, enabling GROHE to meet its quality standards for best craftsmanship and highest product performance worldwide.

The production network comprises three plants in Germany with subsidiaries in Hemer, Porta Westfalica and Lahr, as well as further plants in Albergaria (Portugal) and Klaeng (Thailand). The individual production sites form so-called competence centres and are each specialised in the manufacture of specific products such as sanitary fittings, sanitary systems or showers, among other things.

In Düsseldorf, GROHE has its headquarter, its own design studio and the GROHE Store, a multifunctional showroom that creatively displays the GROHE global brand. The essential companies of GROHE Holding GmbH are listed in the appendix.

1.4.
MARKETS AND PURCHASERS SUPPLIED

The sales markets for GROHE products encompass the four regions of Europe, America, the Middle East and Africa, and Asia. With 34 of its own sales companies, 27 subsidiaries and business relationships with numerous companies, GROHE has an extensive international sales network. GROHE companies mainly sell their products to architects, project planners and kitchen studios as well as via online and sanitary wholesalers to installers and retailers, who in turn supply private and commercial customers. Sales activities are adapted to the respective regional and national market conditions, as required.

Architects

Designer

Planners

Installers

End customers

Graphic 03: GROHE – our customers

1.5.
SIZE OF THE ORGANISATION

SALES AND EBITDA

Sales revenues/net revenues are reported as follows at Group level for the entire LIXIL Group and for the "LIXIL Water Technology" business unit, which includes GROHE alongside brands such as LIXIL, American Standard, INAX, Cobra and Jaxson, on page 24 – 27 of the LIXIL Group's 2019 Annual Report (see http://www.lixil.com/en/investor/).

	FY 2020
Industrial employees	4,167
Salaried	2,995
Trainees	76
Total	7,238

Industrial employees

Salaried

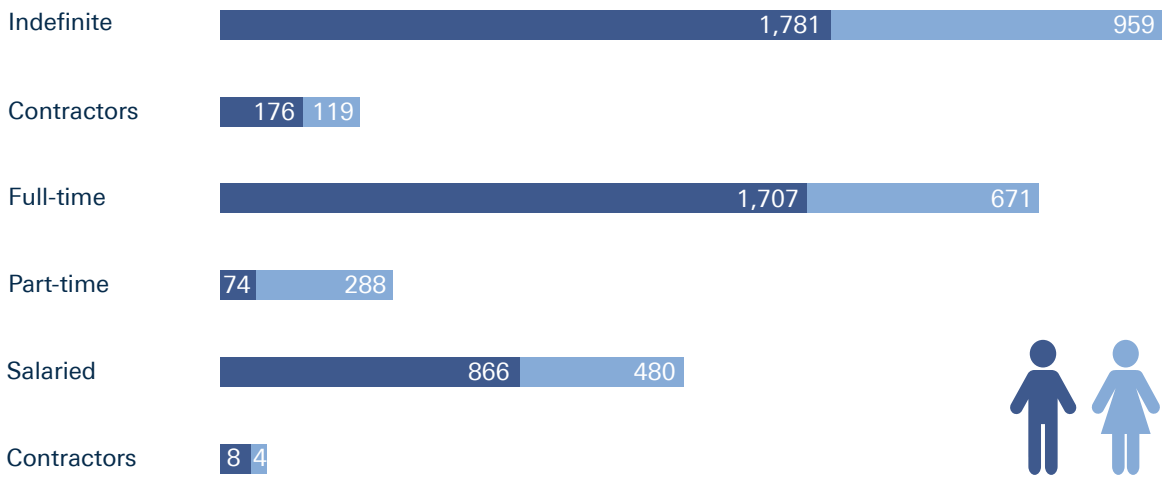
Trainees

Graphic 04: GROHE general staff members in total

EMPLOYEES

GROHE has around 7,000 employees worldwide. Most of the brand's activities are performed by salaried employees. 98.5 percent of employees are covered by collective agreements, such as collective bargaining agreements and company-level agreements. During the reporting period, there was a slight increase in staff, but without significant fluctuations in terms of total staff (breakdown by region, see chart 01 on page 9).

At GROHE's German sites, the workforce is structured as follows:



Graphic 05: GROHE employees in Germany

1.6.
GROHE VALUE CHAIN

GROHE products are exclusively manufactured in five LIXIL EMENA production facilities. In addition to the German plants in Hemer, Lahr and Porta Westfalica, these include the plants in Albergaria (Portugal) and Klaeng (Thailand). The production sites are equipped with high capacity central melting furnaces, which is a unique feature in the sanitary industry. This gives the brand a unrivaled competitive advantage in terms of quality and innovative ability. About 50 percent of the production comes from the German plants, where approximately 37 percent of all general staff members work in production. The worldwide production network is based on German precision technology as well as high performance capacity and efficiency. GROHE has introduced uniform quality and manufacturing standards at all production sites throughout the entire manufacturing process. Experienced plant managers are on site to ensure compliance with these standards at all GROHE plants and to optimise production processes. Each plant is responsible for clearly defined product groups and price segments of the GROHE product portfolio. In 2019, more than 83,000 tonnes of goods were delivered to customers worldwide via the GROHE supply chain. 90 percent of the production volume worldwide is merged in the two logistics centres in Hemer and Porta Westfalica. Outside of Germany, the GROHE supply chain is supported by three larger warehouses operated by logistics service providers:

- Suzhou, China (FHI Logistics/Public Bonded Warehouse)
- Moscow, Russia (FM Logistics)
- Mumbai, India (Kuehne + Nagel)

Since 2017, the American GROHE logistics warehouse in Roselle (Illinois) has been operated by GROHE America Inc. as a result of its merger with the American Standard product brand, which belongs to LIXIL.

Graphic 06: Planned logistic centre in Porta Westfalica

80 PERCENT OF THE GLOBAL PRODUCTION VOLUME IS MERGED IN GERMANY.

SITES

Hemer (Germany)

Lahr (Germany)

Porta Westfalica (Germany)

Albergaria (Portugal)

Klaeng (Thailand)

Delivery to the customer

GROHE points of portfolio consolidation

LIXIL points of portfolio consolidation

Graphic 07: supply chain of the organisation

1.7.
ASSOCIATIONS AND SPECIAL-INTEREST GROUPS

GROHE is a member of selected German associations, special-interest groups and committees that are also engaged with sustainability. GROHE participates in various standards committees such as the "CEN/DIN Standards Committee for Water Management and Water Recycling". As a result of antitrust proceedings completed in 2011 within the European Union with an associated penalty payment, raising awareness of anti-competitive behaviour has become increasingly important at GROHE. Since then, the brand is very selective in its work with associations and interest groups.

Furthermore, GROHE is engaged in local associations, such as the "Wirtschaftsinitiative Hemer e.V." (Business Initiative Hemer) and the "Förderverein Gewerbliche Schulen Lahr" (Support Association for trade schools in Lahr). The brand is also an active member in numerous committees and working groups of the Chambers of Commerce and Industry "IHK Südlicher Oberrhein" and "Südwestfälische Industrie- und Handelskammer in Hagen (SIHK)".

GROHE foreign subsidiaries are similarly active in the relevant national and local associations, special-interest groups and initiatives. The most significant memberships of GROHE were (as of 2019):

- Märkischer Arbeitgeberverband e. V. (MAV) – Regional Association of Employers
- Südwestmetall – Baden-Wuerttemberg Employers' Association of the Metal and Electrical Industry
- RIBA (Royal Institute of British Architects) Enterprise Ltd.
- German Hotel Association (IHA)
- German Sustainable Building Council (DGNB)
- German Environmental Management Association (Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e. V. – B.A.U.M.)
- TrendWatching
- German Design Council
- DBA Design Leadership
- UN Global Compact

SUSTAINABILITY

2. ORGANISING THE **SUSTAINABILITY MANAGEMENT** AT GROHE

The GROHE brand represents quality, technology, design and sustainability. In this way, sustainability also means taking responsibility for people and the environment. The various facets range from the development of water and energy-saving products, which improve the resource efficiency of customers, through sustainable procurement and resource-friendly production, up to social and corporate responsibility.

2.1. MISSION AND VALUES

The “Pure Freude an Wasser” has always inspired GROHE's passion for sustainability. As one of the world's leading manufacturers of sanitary fittings, GROHE's mission is to enable people to use water consciously and sustainably with the help of smart technologies. After all, water is becoming an increasingly valuable resource due to climate change, economic growth, urbanisation and a steadily growing world population. By 2050, the global demand for water is projected to increase by 20 to 30 percent.[1] In this context, sustainable water management plays a key role.

[1]UN World Water Development Report 2019 (LINK)

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

GROHE shares its passion for sustainability with all brands belonging to LIXIL. In July 2013, LIXIL signed the UN Global Compact (United Nations Pact with private companies to promote social, environmental and ethical principles). In September 2015, the United Nations General Assembly approved the Sustainable Development Goals (SDGs). Shortly afterwards, in March 2016, LIXIL updated its Corporate Responsibility (CR) strategy to contribute towards achieving these global sustainability goals. The sustainability strategy was further updated in November 2019.

LIXIL's current CR strategy focuses on three strategic areas of activity where the Group can make the biggest difference in favour of sustainable development. In accordance with the SDGs, these are:

1. Global sanitation & Hygiene
2. Water Conservation & Environmental Sustainability
3. Diversity and Inclusion

Since the initial launch of its CR strategy in 2016, LIXIL is now included in renowned indices such as the Dow Jones Sustainability World Index, FTSE4Good, FTSE Blossom Japan and MSCI Japan Empowering Women Index (WIN), and is also listed in the "CDP A List" within the water category. In 2018, it won the Deputy Chiefs' Award at the Japan SDGs Award, among others.

With the SATO product range, LIXIL aims to provide affordable and easy-to-install toilet systems for local communities around the world. These products are safe for children and eliminate many of the causes that lead to preventable diseases.

As part of LIXIL, GROHE shares and is firmly committed to the goals set by LIXIL. As such, all GROHE sustainability initiatives and efficiency measures actively contribute to LIXIL's strategic pillars.

Within the framework of measures such as "GROHE goes Zero" (see Chapter 4) as well as the "Less Plastic Initiative" (see Chapter 4), GROHE acts as a best practice example within the Group. These initiatives, along with water protection and environmental sustainability (see Chapter 2), support the target of **water conservation and environmental sustainability.** How the brand supports the target of **global sanitation and hygiene** is outlined in Chapter 7; the target of **diversity and inclusion** is referred to in Chapters 2 and 5.

In this way, the 17 SDGs also play a decisive role for GROHE. With regard to the core business and GROHE product portfolio, the availability and sustainable management of water and sanitation (Goal 6), decent work and economic growth (Goal 8), the promotion of sustainable consumption and production (Goal 12) and the development of measures to combat climate change (Goal 13) are particularly relevant and are the focus of our efforts.

These focal points offer GROHE the opportunity to continue developing technologies and products that can make a substantial contribution to achieving the sustainable development goals of the United Nations.

Graphic 08: SDGs that are of particular importance to GROHE

GLOBAL SANITATION & HYGIENE

SANITATION FOR ALL

By 2025, improve the livelihood of 100 million people through sanitation and hygiene initiatives.

WATER CONSERVATION & ENVIRONMENTAL SUSTAINABILITY

ZERO CARBON AND CIRCULAR LIVING

By 2050, achieve net-zero carbon emissions from housing and lifestyle solutions as well as operations, and become a leading manufacturer based on a model that preserves water and natural resources for future generations.

DIVERSITY & INCLUSION

INCLUSIVE FOR ALL

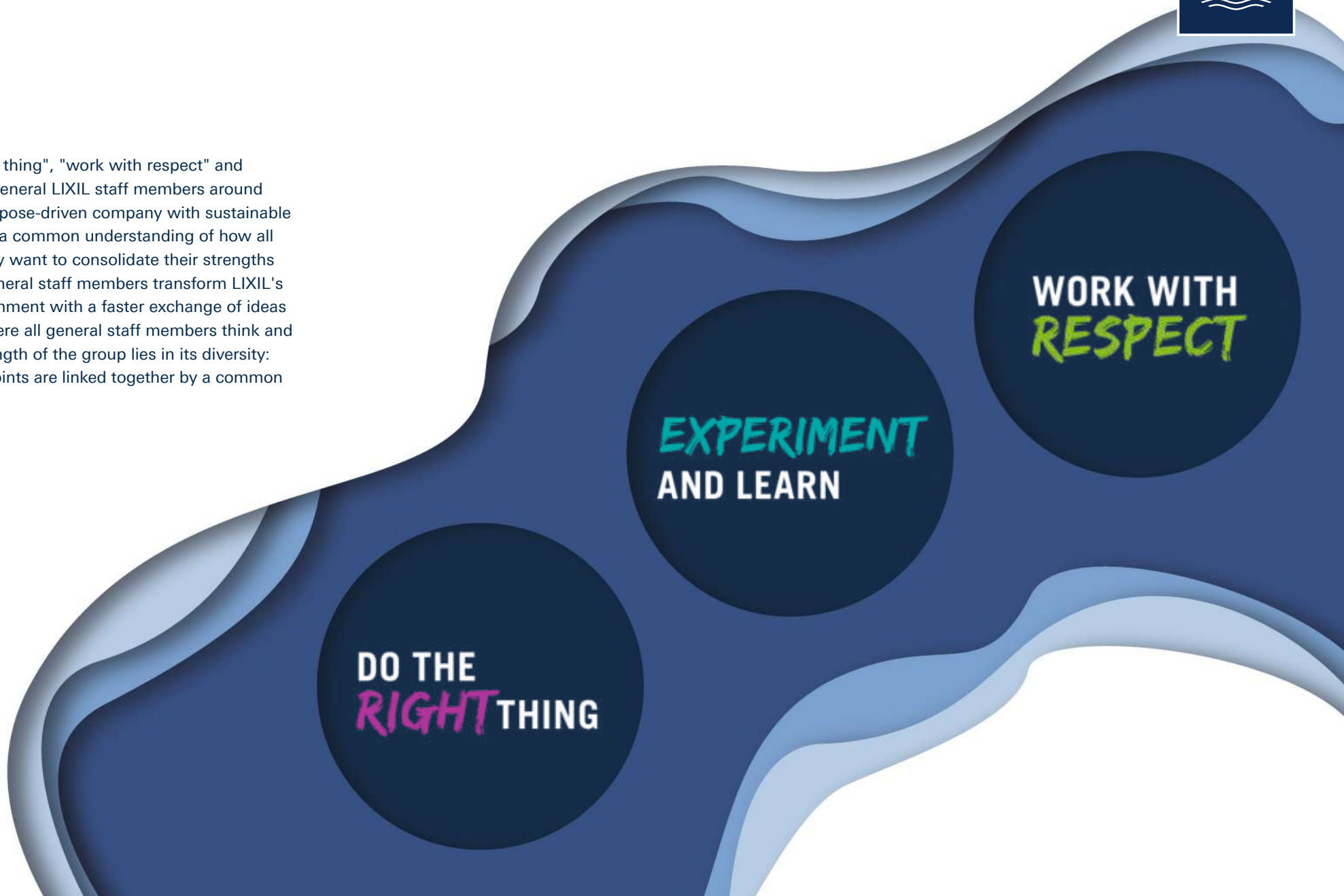
By 2020, establish the culture of diversity and inclusion within our organization and among all employees, and by 2030, ensure all products and services* are based on LIXIL's Universal Design concept.

Graphic 09: LIXIL values and SDGs

**Products and Services in Japan (as of August 2019)*

LIXIL BEHAVIOURS

The three LIXIL Behaviors are "do the right thing", "work with respect" and "experiment and learn". They define how general LIXIL staff members around the world contribute to making LIXIL a purpose-driven company with sustainable growth. The formulated behaviours create a common understanding of how all general staff members across the company want to consolidate their strengths and achieve set targets. In doing so, all general staff members transform LIXIL's culture into a more flexible working environment with a faster exchange of ideas and greater willingness to experiment, where all general staff members think and act in an entrepreneurial manner. The strength of the group lies in its diversity: different experiences, expertise and viewpoints are linked together by a common set of values and beliefs.



GROHE'S BRAND VALUES

Every GROHE product is based on the four core values of quality, technology, design and sustainability.
For more than 20 years, they have been the pillars of the GROHE brand.

QUALITY

"No.1 most trusted brand in the sanitary industry"

– Wirtschaftswoche, 2017

TECHNOLOGY

"Top 50 companiesto change the world"

– Fortune Magazine, 2017

DESIGN

Over 465 design awards won since 2003

SUSTAINABILITY

CSR Award winner of the German Government, 2017

2.2. STRATEGY

SUSTAINABILITY AS PART OF OUR BRAND

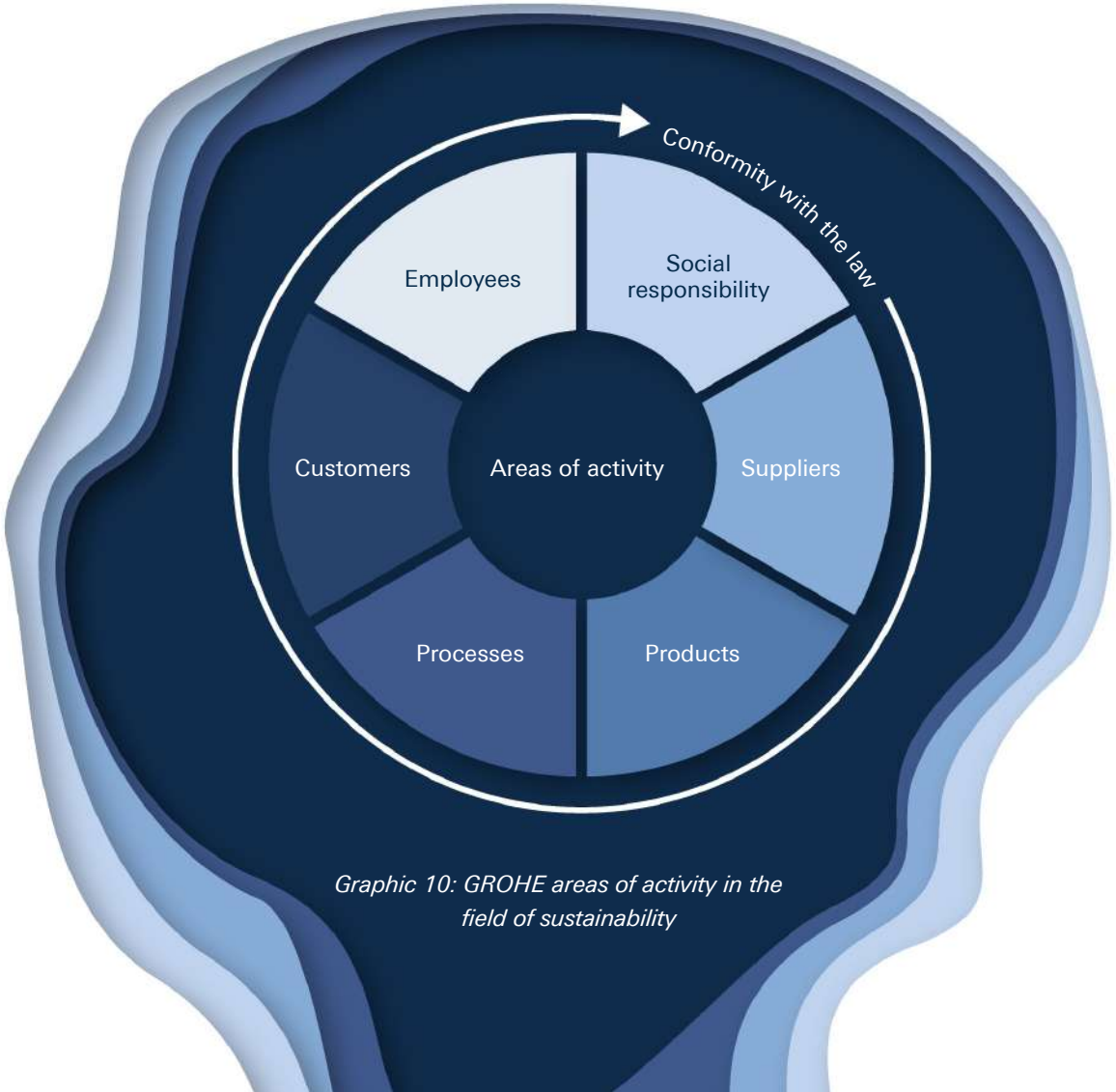
GROHE firmly believes that a continuous examination of sustainability is as indispensable as it is challenging. The brand's goal is to actively design all processes to continuously meet self-imposed requirements for resource efficiency, environmental and health protection.

> "The future viability and economic success of an organisation depends to a large extent on whether it is sustainably positioned. We are therefore firmly persuaded that our long-term profitability is linked to sustainability", says Thomas Fuhr, Leader, Fittings, LIXIL International and Co-CEO Grohe AG. "To this end, GROHE consistently pursues a 360-degree sustainability approach that equally encompasses the interests of, and responsibility for, employees, suppliers, customers, products, processes as well as the brand's contribution to the well-being of society. As such, sustainability is an integral part of the strategy and a core value of the GROHE brand."

In 2000, GROHE identified the brand's relevant areas of activity in the area of sustainability on the basis of the 16 principles of the Business Charter for Sustainable Development, published in 1992 by the International Chamber of Commerce (ICC) as part of the UN Conference on Environment and Development. Besides the clear commitment to **legal compliance** as well as **continuous improvement** these are:

- Products
- Processes
- Employees
- Customers
- Suppliers
- Social responsibility

These areas of activity support the fundamental orientation of GROHE's sustainability management and were made specific and broadened again in the materiality process in 2020.



Graphic 10: GROHE areas of activity in the field of sustainability

MATERIALITY PROCESS 2020 AND SELECTION OF REPORT CONTENTS

The material topics were initially defined in 2015; after GROHE reviewed them as part of a stakeholder survey in 2017, a detailed materiality process was carried out for the current report in 2020 in order to further advance the strategic orientation of sustainability management.

For this purpose, GROHE first defined a list of potentially highly significant topics. GROHE's internal developments as well as external impulses from relevant political processes, frameworks and competitors were analysed. This resulted in a preliminary list of 24 topics; the brand consulted its stakeholders on the relevance of these as part of an online survey. Altogether, 83 stakeholders, who were capable of meaningful results due to their existing relationship with GROHE, were contacted. They came from the following groups:

- Customers
- Employees and their representatives
- Suppliers
- Universities, sustainability managers and consultants
- Interested members of the public and site neighbours

Out of 43 complete answers, the potential topics could be clearly rated according to their importance for the stakeholders.

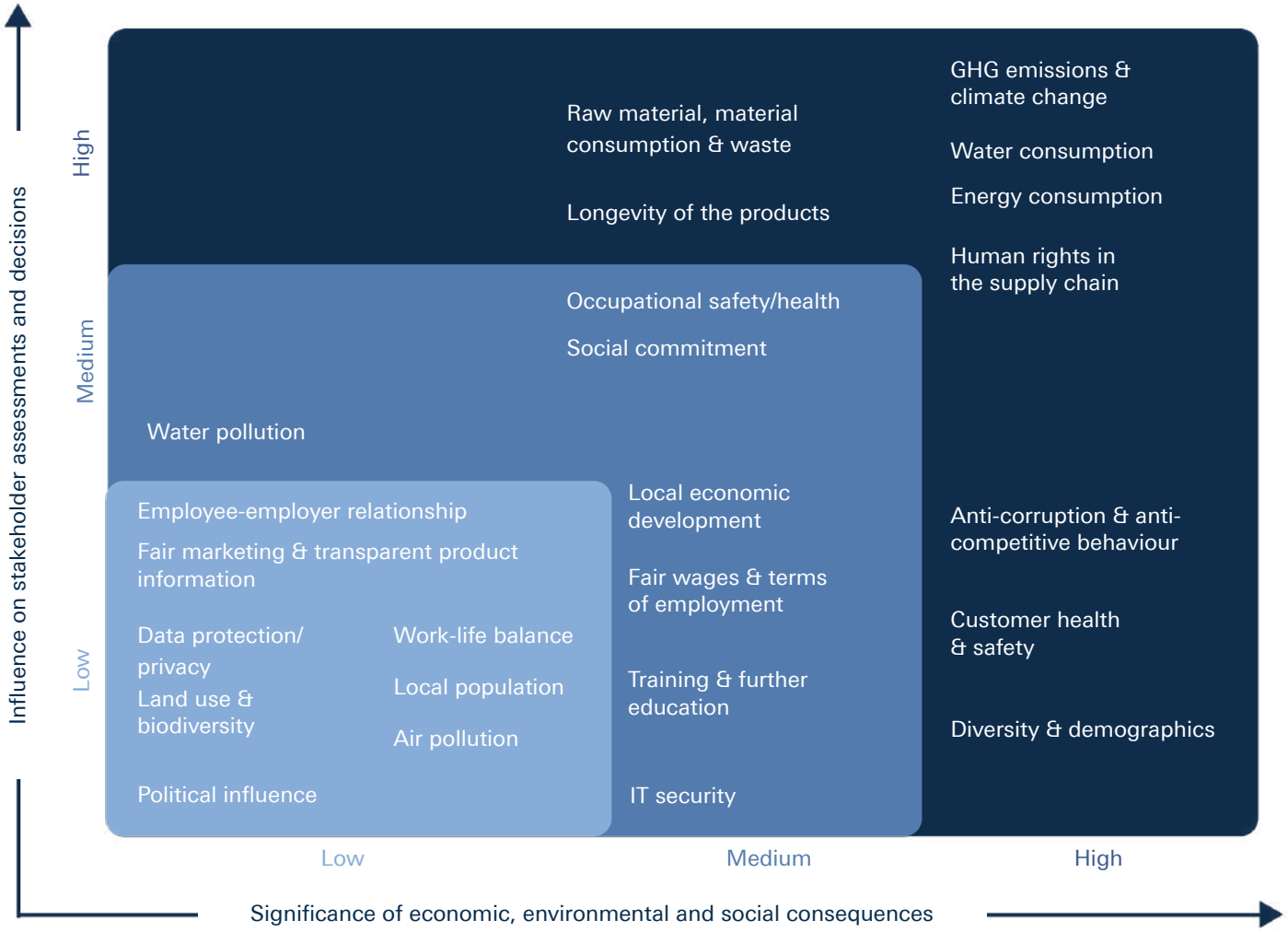
In order to assess the relevance of both positive and negative impacts of GROHE on the 24 topics, a further analysis was carried out. Methodologically, the SDGs adopted in 2015 were used as the relevant reference points for prioritising GROHE's environmental, social and economic impacts. These constitute an internationally recognised consensus regarding the central levers and challenges of global, sustainable development. Subsequently, the results were validated in an internal expert workshop attended by high-level representatives from all relevant departments.

This resulted in the GROHE materiality matrix 2020 with the following nine highly important topics:

- Raw material, material consumption and waste
- Longevity of the products
- Greenhouse gas emissions and climate change
- Water consumption
- Energy consumption
- Human rights in the supply chain
- Anti-corruption and anti-competitive behaviour
- Customer health and safety
- Diversity and demography

Compared to the last materiality matrix, there were some key changes. For instance, "Human Rights in the Supply Chain" and "Diversity and Demography" are new highly important topics. However, "Occupational Health and Safety", "Education and Training" and "Social Commitment" are no longer highly significant.

Graphic 11: GROHE Materiality Matrix 2020



The highly important topics were finally assigned to the five areas of action: products, customers, processes, employees and suppliers. These areas of activity and topics provide the basis for this report, which is structured as follows:

- **Chapter 3** "Products and Customers": water consumption, energy consumption, customer health and safety, product longevity, diversity and demographics
- **Chapter 4** "Processes": raw material, material consumption and waste, GHG emissions and climate change, energy consumption, water consumption
- **Chapter 5** "Employees": diversity and demography
- **Chapter 6** "Suppliers": human rights in the supply chain, anti-corruption and anti-competitive behaviour

Highly important topics relevant at the various stages of the value chain are dealt with in several areas of action or chapters. For example, the highly important subject of "Water Consumption" is considered and managed both as a product action area in Chapter 3 as well as an internal process issue in Chapter 4.
The topics of "Occupational Health and Safety", "Training and Development" and "Social Commitment" continue to be relevant for GROHE and are therefore still addressed in the report.

GROHE SUSTAINABILITY OBJECTIVES

In the context of its sustainability strategy, GROHE has defined five central quantitative goals in the "Processes" and "Employees" areas of action, which are to be achieved within the financial years 2014 to 2021:

Sustainability Objectives FY 2014 to FY 2021	Status	More information
Water abstraction: reduction by 20%	↑	>> Chapter 4
Waste: gradual increase of the global waste recycling rate to 99%	↑	>> Chapter 4
Energy consumption: improve energy efficiency by 20%	↑	>> Chapter 4
Direct GHG emissions: reduce greenhouse gas emissions by 20%	↑	>> Chapter 4
Lost time days: reduction by 60%	↑	>> Chapter 5

Table 01: GROHE Sustainability Objectives

OUTLOOK – TO NEW SHORES

Since the GROHE Sustainability Objectives expire at the end of the 2021 financial year, GROHE is already considering new challenges. Already by 2019, the brand's CO_2-neutrality was decided ("GROHE goes Zero", see Page 68). On top of this, GROHE is in the process of eliminating all plastic packaging in the product area through its "Less Plastic Initiative". Through the sustainability council, new targets are currently being defined, which will be published in 2021.

2.3. ORGANISATION AND RESPONSIBILITY

At GROHE, the organisation and responsibilities for sustainability are as follows.

SUSTAINABILITY AT THE GROHE MANAGEMENT LEVEL

As a stock corporation under German law, GROHE has a dual management structure, consisting of an Executive Board and Supervisory Board.

The members of the Executive Board of Grohe AG in the 2020 financial year were:

- **Thomas Fuhr** (since 11th July 2019 Chair of the Executive Board/Chief Technology Officer/ Executive Director Operations of Grohe AG, Hemer; Deputy Chair of the Executive Board until 11th July 2019)
- **Michael Rauterkus** (Director Sales/Chief Sales Officer; resigned with effect from 12th July 2019)
- **Jonas Brennwald** (since 17th July 2019 Deputy Chair of the Executive Board/Deputy CEO and Director Sales and Marketing/Chief Sales Officer of Grohe AG, Hemer)
- **Michael Mager** (Member of the Executive Board, Human Resources/Chief of Staff; resigned with effect from 6th January 2020)
- **Stefan Gesing** (Executive Board Member Finance, Controlling & Information Technology/Chief Financial Officer; resigned with effect from 15th January 2020)

Prof. Dr Gerhard Schmidt, lawyer, tax advisor and managing partner at Weil, Gotshal & Manges LLP, has held the position of Chair of the Supervisory Board since 11th July 2019.

SUSTAINABILITY ON GROHE'S EXECUTIVE BOARD

Sustainability at GROHE is firmly anchored in the hands of Co-CEO Thomas Fuhr, who in this role also heads the GROHE Sustainability Council.

SUSTAINABILITY STRUCTURE AT GROHE

As well as the CEO, the GROHE Sustainability Council is responsible for managing sustainability. It meets once a month to discusses strategic sustainability topics. The composition of the Council is interdisciplinary: in addition to the CEO, the divisions Global Communications, Global Marketing, Corporate R&D, Corporate Purchasing, Human Resources, Industrial Engineering, Global Packaging as well as the specialist department Corporate Environmental Health and Safety (EHS) & Sustainability Management are represented. Within the Sustainability Council, the status of ongoing projects is presented by the Communications Manager Sustainability. If required, new tasks are transferred to the participating specialist departments. The Sustainability Dashboard and its Key Performance Indicators (KPIs), such as recycling rate, health rate, energy and water consumption, are collected monthly and presented to the Council.

Apart from the Sustainability Council, GROHE organises and documents its organisational structure in descriptions of jobs and roles and informs the workforce internally with the help of organisational charts and organisational messages. The operational structure is systematically regulated by organisational guidelines, process instructions, operating instructions and work instructions. This also includes the topic of sustainability.

Sustainability projects and measures are implemented in the specialist departments, with Corporate EHS & Sustainability Management playing a particularly important role. This is a central role positioned directly below the Executive Board. It also monitors compliance with legal regulations and approval requirements as well as continuous improvement in the areas of environmental protection, occupational safety and sustainability management.

2.4. OPERATIONALISATION FOR SUSTAINABILITY AT GROHE

GROHE SUSTAINABILITY POLICY

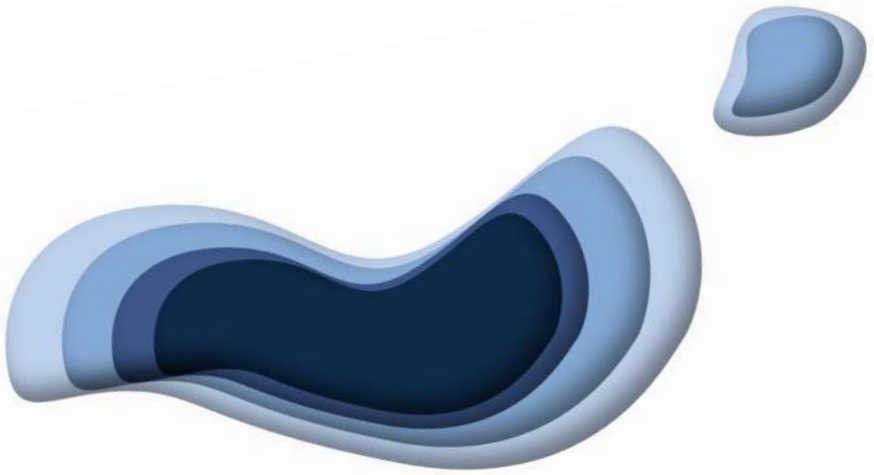
The framework for the implementation of all sustainability activities at GROHE consists of the GROHE Sustainability Policy *(LINK).*

In the year 2000, the company's management defined comprehensive principles and guidelines for sustainable development; these are implemented on all levels and in all areas. With these, GROHE determines strategic objectives for the key areas of activity and implements these consistently and systematically using operational objectives and key performance indicators. Key Performance Indicators are a part of target agreements, all the way to the top management. In order to achieve the strategic and operational objectives of the GROHE Sustainability Policy, appropriate programmes and measures have been introduced and applied consistently. The GROHE Sustainability Policy was supplemented in 2016 with requirements resulting from ISO 50001 (energy management).

As part of the implementation, GROHE continually improves its products and processes and thus meets the requirements of environmental protection, occupational safety and health protection for the future. GROHE informs and trains its employees, therefore promoting environmental, occupational and health-conscious behaviour.

In order to achieve the goal of a net zero balance, LIXIL has also set group-wide targets for the design of the product portfolio: year after year, the products are to become more water-saving and energy-efficient. The members of the Group report regularly to the LIXIL Headquarters in Tokyo on the current performance parameters with corresponding key figures.
>> More details on the net zero balance can be found on Page 44.

This is a solid basis for making GROHE and LIXIL Group's contribution to achieving the SDGs both tangible and measurable, and also reaffirms LIXIL's commitment to the principles of the UN Global Compact.



ECONOMIC, ECOLOGICAL AND SOCIAL STANDARDS AND INITIATIVES

In order to continuously improve and document its sustainability performance, GROHE follows further international standards in addition to the above-mentioned ICC business charter for sustainable development:

- **UN Global Compact:** The LIXIL Code of Conduct (which replaced the GROHE Code of Conduct in 2015), the GROHE Supplier Code of Conduct as well as the organisational and operational structures and programmes in the areas of internal audit, antitrust law, compliance, trade compliance, quality management and purchasing comply with the principles of the UN Global Compact.

- **German Sustainability Code:** In 2015, GROHE was the first brand in the industry to submit a declaration of compliance to the German sustainability code at the German council for sustainable development. Organised into the core topics of "Strategy", "Process Management", "Environment" and "Society", the declaration provides detailed information on the brand's sustainability activities.

- **Membership of B.A.U.M. e. V.:** GROHE has been a member of the German Environmental Management Association (Bundesdeutscher Arbeitskreis für Umweltbewusstes Management – B.A.U.M. e.V.) since 2016. B.A.U.M. was founded in 1984 and, with over 500 members, is the largest network for sustainable development in Europe. The network supports its member companies in all matters pertaining to environmental protection. As a member company, GROHE committed to comply with the B.A.U.M. code of sustainable business practices. In 2019, Thomas Fuhr was awarded the B.A.U.M. environmental and sustainability award in the "large enterprises" category.

  Furthermore, GROHE actively participates in the so-called Sustainability Leadership Forum as well as in the Climate Leadership Forum. Both forums are work and discussion platforms for pioneers of sustainable business development who exchange ideas on the topics of sustainability and climate protection.

PRODUCTS

At various points in the GROHE development process, the topics of "Product Safety" and "Environmental and Energy Relevance" are also systematically examined in the design and manufacture of GROHE products. Since the greatest environmental potential lies in the product use phase, GROHE is particularly committed to the development of environmentally friendly, i.e. water and energy-saving products. GROHE's central approval department ensures that only approved materials and processes are used for GROHE products worldwide. This applies, for example, to the use of materials suitable for drinking water. Numerous national approval authorities (DVGW, KIWA, etc.) send local auditors to GROHE production sites to check whether country-specific approval requirements are met.

PROCESSES

GROHE has established structures worldwide to systematically comply with legal and regulatory requirements and to continuously improve in the areas of quality, environment, occupational health and safety and energy management. This claim is also served by the regular certification audits at all GROHE production sites worldwide by internal GROHE auditors as well as an independent external certification company *(LINK)*.

- **Quality management according to ISO 9001:** ISO 9001 is the leading international system standard for quality management systems. GROHE was among the first 750 companies and organisations in Germany to be certified according to this standard in 1992 and has been ever since (current certification body: TÜV Rheinland, Cologne).

- **Environmental management according to ISO 14001:** ISO 14001 is the leading international system standard for environmental management systems. GROHE has been continuously certified according to this standard since 2003 (current certification body: TÜV Rheinland, Cologne).

- **Occupational health and safety management according to ISO 45001:** ISO 45001 is the leading international systems standard for occupational health and safety management systems. GROHE has been continuously certified according to this or the predecessor standard OHSAS 18001:2007 since 2011 (current certification company: TÜV Rheinland, Cologne).

- **Energy management according to ISO 50001:** ISO 50001 is the leading international system standard for energy management systems. GROHE was certified according to this standard for the first time in 2016 (current certification body: TÜV Rheinland, Cologne).

2.5. SELECTING AND HOLDING CONVERSATIONS WITH RELEVANT STAKEHOLDERS

In order to be informed at all times regarding positions, interests and expectations of relevant stakeholders, GROHE holds regular conversations with its stakeholder groups. This way, corresponding changes can be recognised in time. GROHE proactively conducts discussions on the subject of sustainability with customers, employees and suppliers. Even in round table discussions with local stakeholders, politicians and the media, GROHE uses the opportunity to identify opinions, questions or insights from stakeholders and subsequently incorporate them into its own actions.

At the same time, the brand is in a position to specifically inform its discussion partners in advance about decisions that have an ecological or social impact. Inaccurate assessments by third parties can be recognised at an early stage or avoided from the very beginning.

GROHE counts the following groups of people and institutions as its most important stakeholders:

- House owner
- Legislators and supervisory authorities
- Customers
- Employees and their representatives
- Suppliers and service providers
- Business partner
- Commune where the facility is located and residents
- Interested general public
- Trade unions
- NGOs
- Media
- Research institutes
- Banks
- Insurances
- Certification organisations
- Political organisations

ROUND TABLE DISCUSSIONS

GROHE products are used worldwide in bathroom and kitchen installations in all building typologies. Durability and economy as well as responsible use of water and energy resources are the hallmarks of GROHE technologies. Architects around the world value the sustainability of GROHE solutions and wholeheartedly recommend them to their clients. As a partner to architects, GROHE closely follows developments in the global construction and property industry and is involved in various activities to promote architecture as a significant part of our building culture. Launched in 2009, the GROHE dialogue series "Trends Thesis Typologies" addresses current topics in the construction industry, with renowned architects discussing them in front of and with a large audience of experts. They dealt, for example, with the use of regionally available materials in architecture or with ways in which cities can sustainably develop in their continuous growth. A further question addressed how cities and housing can create liveable places for their residents. The outbreak of the COVID-19 pandemic in 2020 triggered the ARCHITECTURE BAROMETER 30x10, a series of interviews in which 30 renowned personalities from the construction industry each commented on ten questions. Central to the interviews were questions regarding the impact the pandemic will have on our building culture, the industry and specifically on building typologies, residential construction, the hotel industry, offices, hospitals and nursing homes, public buildings and educational and research buildings. The conclusion from the interviews: long-existing trends are experiencing an acceleration due to the COVID-19 pandemic and will change architectures and cities. The interviews provide an insight into how the future of our constructed environment is perceived by renowned architects.

CONVERSATIONS WITH STAKEHOLDERS

GROHE continuously communicates with its customers (wholesalers, installers, planners, architects, project planners, kitchen studios and – indirectly – end consumers), for example in annual meetings or at the annual trade fairs. In these conversations, the fundamental expectation towards GROHE products becomes clear: these must be energy and water efficient and be of sustainable quality. Additionally, there are sustainability requirements such as material savings and raw material minimisation, which are already taken into account in the product development phase.

In ongoing collaboration with its suppliers, GROHE creates the conditions for a diverse product portfolio and long-lasting products through technical innovations. Furthermore, GROHE maintains regular contacts with research facilities and with other sustainability experts across industries. Furthermore, GROHE always seeks exchange with relevant authorities and institutes in order to coordinate approval and certification processes. In this way, the latest findings are always incorporated into the development of new technologies and products, and technical or legal requirements are taken into account in a timely manner. This is particularly relevant in the areas of energy and water consumption, emissions and climate change, customer health and safety, and occupational health and safety. Also, the audits of the management systems by external certification companies, which take place according to defined schedules, are an important part of the stakeholder dialogue (see the management standards mentioned on Page 34), as well as the self-evident adherence to legal regulations (compliance). To live up to its responsibility as an employer, GROHE is in continuous exchange with its employees and special-interest groups. A secure job with fair pay, a wide range of training and further education opportunities and a mutually respectful environment are of vital importance for general staff. Only by constructive dialogue with all parties involved, internally and externally, can GROHE achieve sustainable economic, ecological and social success. In this report, GROHE describes how it handles the topics that are important for stakeholders.

2.6. COMPLIANCE

As a leading supplier of sanitary products, GROHE places great importance on compliance with international legal norms, standards and codes of conduct. GROHE is one of the best-known brands in the sanitary industry, so it’s particularly important to align the brand's organisational behaviour with the growing demands of global capital markets and corporate compliance standards. Last but not least, this applies against the background that possible breaches of the law and violations of internal compliance rules can result in high costs and reputational damage. They also hinder social development towards a more sustainable way of life and economic management.

LEGAL COMPLIANCE

An important building block of "Legal Compliance" in the areas of environment, occupational safety, health protection and energy management is the systematic recording of legal obligations and approval requirements, a corresponding derivation of duties to act and the documented delegation to the appropriate levels of action at GROHE. For this purpose, the brand is currently migrating from a self-developed database solution (GEHSIS – GROHE EHS Information System) to a commercial software solution (QUENTIC). Similar systems exist at foreign locations.

The first and second link in the verification process are regular internal and external management system audits carried out by GROHE itself (internal audits) or certification companies (external audits), which check the organisational and process structures in the areas of quality management, environmental protection, occupational health and safety and energy management for compliance with the standard requirements of ISO 9001 (quality), ISO 14001 (environmental protection), ISO 45001 (occupational health and safety) and ISO 50001 (energy management) for legal conformity, systematics (PDCA approach – Plan, Do, Check, Act) and performance.

Apart from compliance with legal regulations and requirements imposed by authorities, orientation towards the ethical principles of the brand by each individual employee is also central. The focus lies in particular on preventing corruption and anti-competitive behaviour as well as on the observance of human rights.

COMPANY CODE

In order to ensure that all employees in Germany and abroad act in compliance with the law and the values of the brand, GROHE has defined central ethical standards in its corporate code. The code was issued jointly by the Executive Board and Supervisory Board in 2007 and obliges employees to comply at all times with applicable laws, guidelines and regulations as well as the principles of the brand. It serves as a guide for binding practices, whether in dealings with local decision-makers, state and local governments, owners or financial institutions, customers or suppliers. This GROHE Code of Conduct was replaced in 2015 by the LIXIL Group Code of Conduct, which also contains principles relating to compliance and integrity. In 2019, the LIXIL Group code of conduct was updated. This update did not include any material amendments, but was limited to organisational innovations in the compliance team, cross-references to documents that provide further information on the individual rules, and explicit a reference to the whistleblowing system, which was only established after the publication of the previous version.

COMPLAINTS PROCEDURE

GROHE has established a comprehensive compliance management system to ensure compliance with these rules of conduct and to protect the brand from damage. In the event of complaints or to report possible violations, employees can contact the chief compliance officer or the regional compliance officers at any time. Information on contact persons in the respective national language can be found on the Compliance intranet site. Furthermore, GROHE has set up an electronic worldwide whistleblower system ("Speak-Up Hotline") through which employees as well as external persons can contact external ombudspersons with complaints or information while retaining their anonymity. Employees are informed about the possibility of using the "Speak-Up Hotline" in every compliance training. Reporting can be made to the whistleblower system 24 hours a day, seven days a week. Reports in the respective national language can either be entered directly into the system or communicated by telephone to a member of the general system staff. In addition, anonymous reporting is possible and the system allows communication with anonymous whistleblowers. Internal guidelines ensure that whistleblowers may not be threatened with negative consequences if they make use of the reporting possibilities in good faith. This is checked by the compliance organisation on a random basis.

In the financial year 2018/2019, there were a total of 25 complaint reports, nine of which were received via the whistleblower system and 16 directly.

COMPLIANCE COMMITTEE

GROHE has established a compliance committee which monitors compliance with all laws and standards as well as voluntary commitments. The committee, headed by the Chief Compliance Officer, meets at least four times a year and reports to the Audit Committee of the Supervisory Board on a quarterly basis. Critical issues are independently reported directly to the Chairperson of the Supervisory Board.

The GROHE Compliance Committee consists of the following members:

- Chief Compliance Officer
- General Counsel
- Vice President Financial Recording
- Director of Corporate Auditing
- Data Protection Officer

Once a year, all GROHE managers and employees receive classroom-based and/or online training on key compliance topics (antitrust law, anti-corruption, data protection and code of conduct). In these training courses, employees are made aware of critical situations and also learn who they can turn to with questions or how to handle notices regarding violations.

The topic of "Corruption" is part of the supplier code of conduct; more details can be found in the chapter on **suppliers, environmental and social standards in the supply chain**.

ANTI-CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR

Following antitrust proceedings before the European Court of Justice on the basis of price-fixing agreements and a corresponding fine in 2010, GROHE has introduced structures and programmes to prevent price fixing and/or other procedures relevant to antitrust issues. With the GROHE supplier code of conduct and the GROHE antitrust guidelines, GROHE requires its global suppliers to comply with ecological and social standards and also obliges its own employees act in an ethically correct manner.

Anti-corruption and anti-competitive behaviour are key topics for GROHE and affect its own organisation as well as the supply chain. Therefore, a regular audit of GROHE's sites is carried out by the Chief Compliance Officer: in the 2020 financial year, the plants in Thailand and Portugal as well as 13 sales offices were audited. Throughout the risk analysis process no significant corruptions risks were identified. The comprehensive compliance management system results in good and early detection of any violations that have occurred. No violations of compliance were reported during the reporting period. Nor have there been proceedings for anti-competitive behaviour, cartels and the formation of monopolies.
>> More information on implementation in the GROHE supply chain can be found in the "Suppliers" chapter.

FY	2015	2016	2017	2018	2019	2020
Number of compliance violations	0	0	0	0	0	0

Table 02: number of compliance violations

HUMAN RIGHTS

GROHE respects human rights and is committed to upholding and promoting them wherever the brand conducts business. The human rights principles of LIXIL/GROHE are based on international standards, including the United Nation's Universal Declaration of Human Rights and the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work.

In the event that GROHE is confronted with discrepancies between internationally recognised human rights standards and the laws of the respective country or region, GROHE will adhere to the higher standard. If there is a conflict between the two, GROHE will seek suitable ways of honouring the basic principles of the recognised human rights while also adhering to local laws.

The human rights principles at LIXIL/GROHE apply to all employees across all sites. GROHE also expects that its business partners, including suppliers and dealers, respect human rights and do not violate them.
>> More information on respect for human rights in the supply chain can be found in the "Suppliers" chapter.

At GROHE, all employees are provided with training on human rights. GROHE regularly evaluates human rights risks at its own sites. So far, this has not resulted in any indications that would have required a detailed examination of a site. The Supplier Code of Conduct is binding for all suppliers and also a component of all investment agreements at GROHE.

Due Diligence at LIXIL
As part of LIXIL, GROHE is also involved in the group-wide due diligence process. In doing so, LIXIL identifies, avoids and minimises negative human rights impacts through human rights due diligence processes. In the event that GROHE has directly caused or indirectly contributed to negative human rights outcomes, the brand commits to take remedial action through legitimate processes with respect to those negative outcomes. This means that a complaints mechanism gives those affected access to a remediation process.

PRODUCTS & CUSTOMERS

3.
PRODUCTS AND CUSTOMERS

With its products and technologies, GROHE can make an important contribution to solving global social challenges. Within the scope of the materiality analysis for this sustainability report, the following priorities were defined: the availability of water, combating climate change, creating a circular economy, health and safety, and promoting a diverse and demographically adapted society.

Today, water scarcity already affects more than 40 percent of the world's population[2]. By 2050, the number could even rise to almost six billion people[3]. The World Economic Forum's Global Risks Report 2020 lists a potential water crisis as one of the five most impactful risks worldwide[4]. Climate change is a central driver of this risk, as extreme weather conditions will limit the availability and quality of water. This is why water scarcity is considered one of the most existential societal challenges of the coming years. GROHE's water and energy-efficient product portfolio can make a valuable contribution here **(see section 3.1).**

Furthermore, the stakeholders of the sanitary brand show a high interest in how production processes and products can be further designed towards a circular economy (for more information on product longevity **see section 3.2).**

GROHE products are in daily use by millions of people around the world. Ensuring customer health and safety, including vulnerable groups such as children, is a priority for GROHE **(see Section 3.3).**

By 2050, more than 25 percent of the population will be over 60 years old. Despite possible physical limitations, many will want to live in their own house for as long as possible. GROHE wants to support them to continue to maintain their independence and quality of life and considers this challenge when developing products **(see section 3.4).**

[2] *See UN-SDG science platform*
[3] *See UN world water development report 2018*
[4] *See WEF Global Risks Report 2020*

At GROHE, product-relevant sustainability requirements are already systematically incorporated into the product development process. General staff from the "Corporate EHS & Sustainability Management" department provide important input at various stages in the standardised GROHE product development process, the so-called stage-gate procedure, on legal requirements such as

- the consideration of hazardous substance bans,
- pollutant-free GROHE products,
- necessity of safety data sheets for hazardous substances,
- consideration of transport regulations for dangerous goods,
- requirements for the energy efficiency of products,
- return obligations for packaging,
- electrical appliances as well as batteries and
- communication duties in the supply chain.

On top of this, internal LIXIL and GROHE sustainability standards such as the "GROHE EcoIndicator99" are taken into account for the assessment of new product developments. This approach helps GROHE engineers to select materials that are beneficial to the environment. For example, this applies to copper, zinc, brass and other metals that have a high "EcoIndicator99" due to the "upstream chains".

The "EcoIndicator99" method is also the foundation for the so-called GROHE EcoProfile. This is an information for customers which explains the material composition of individual GROHE products as well as GROHE packaging. The ecological assessment contained therein is also carried out using the "EcoIndicator99" method.

In the context of new developments, the aim is to improve the predecessor product, to achieve a steady increase in the share of "Best in Class" sustainability products, to develop products with reduced water and/or energy consumption as a building block for the "LIXIL Net Zero Programme" and to avoid plastic packaging in the course of the "Less Plastic Initiative".

3.1.
WATER AND ENERGY-EFFICIENT PRODUCTS

GROHE considers it its mission to develop water-saving technologies and products that enable users worldwide to use water and energy resources safely and responsibly. Even at the development stage, the sanitary brand considers the entire product life cycle by using the "EcoIndicator99" for the selection of materials.

The resource-saving products and technologies impact the second pillar of LIXIL's sustainability strategy "WATER SAVING AND SUSTAINABLE ENVIRONMENTAL PROTECTION", thus supporting the goal of "Zero Carbon and Circular Living" to achieve a positive environmental balance by 2050.

Representation:

GLOBAL SANITATION & HYGIENE

SANITATION FOR ALL

By 2025, improve the livelihood of 100 million people through sanitation and hygiene initiatives.

WATER CONSERVATION & ENVIROMENTAL SUSTAINABILITY

ZERO CARBON & CIRCULAR LIVING

By 2050, achieve net-zero carbon emissions from housing and lifestyle solutions as well as operations, and become a leading company based on a model that preserves water and natural resources for future generations.

DIVERSITY & INCLUSION

INCLUSIVE FOR ALL

By 2020, establish the culture of diversity and inclusion within our organization and among all employees, and by 2030, ensure all products and services* are based on LIXIL's Universal Design concept.

**Products and services in Japan (as of August 2019)*

Within the framework of the "Zero Carbon and Circular Living" goal, LIXIL defines the following core themes:

CLIMATE CHANGE MITIGATION AND ADAPTATION:
Achieve Net-Zero GHF Emissions through Our Business Operations, Products and Services.

WATER SUSTAINABILITY:
Enhance the Enviromental Value of Water Resources by Saving, Circulating and Purifying Water.

CIRCULAR ECONOMY:
Help Transition to a Circular Economy and Preserve Natural Resources for Future Generations.

Independent life cycle assessment studies by the EU Commission on the Energy Efficiency Directive show that about 99 percent of all environmental effects of sanitary fittings, shower heads and flushing systems occur during the use phase. Thanks to GROHE, users can conserve resources through the following resource-, water- and energy-efficient products and technologies.

GROHE EcoJoy

In order to achieve the LIXIL-wide goal of a net-zero footprint by 2050 and to best support consumers in sustainable water and energy consumption, GROHE regularly calculates the water and energy savings that can be achieved through environmentally beneficial product features. Products that enable lower water flow or energy consumption are classified by GROHE as "EcoJoy".
For example, GROHE EcoJoy faucets have a mousseur that limits the flow, reducing water consumption from 10 litres/minute to just over 5 litres. Shower heads equipped with GROHE EcoJoy allow for a perfect showering experience and still use up to 40 percent less water due to the built-in water-saving technology.

In recent years, GROHE has been able to steadily increase the overall share of products with this classification in the portfolio across the individual product categories.

THE SHARE OF GROHE ECOJOY EQUIPMENT IN THE TOTAL PORTFOLIO OF PRODUCT CATEGORIES

Product category	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Flushing systems	80.50%	83.10%	85.80%	87.70%	89.40%	82.50%
Showers and shower systems	40.00%	43.60%	44.00%	46.00%	48.60%	51.10%
Shower sets in "sets"	62.50%	79.00%	82.10%	84.00%	82.90%	80.90%
Basin faucets	38.30%	57.30%	66.00%	69.90%	74.70%	77.30%
Bidet faucets	34.80%	59.80%	74.40%	74.70%	79.30%	80.50%
Kitchen faucets	4.10%	5.20%	6.40%	6.70%	12.20%	11.60%
Industrial faucets	57.70%	56.10%	57.70%	62.80%	64.40%	67.70%

Table 03: share of percentage of EcoJoy equipment in the overall product category portfolio

GROHE BLUE

The GROHE Blue water system is a particularly sustainable solution for the kitchen: on top of the usual functions of a kitchen faucet, the system delivers filtered, chilled, still, medium or sparkling water directly from the faucet, without having to use environmentally harmful plastic bottles. According to the German environmental association, a family of four can thereby avoid up to 800 plastic bottles a year[5]. A university study commissioned by GROHE also revealed that the water system saves more than 60 percent CO_2 compared to bottled water. The researchers then calculated the CO_2 emissions of GROHE Blue's water consumption along the entire product life cycle (production, transport, conveyance, use and disposal) and compared these with the alternative water supply in bottles or water dispensers. GROHE Blue performs better due to the much lower CO_2 emissions that would otherwise be generated for the transport and packaging of the mineral water bottles.

[5] *DUH 2019, www.duh.de/mehrweg-klimaschutz0/einweg-plastikflaschen*

Graphic 12: GROHE Blue Home

GROHE BLUE WATER SYSTEM

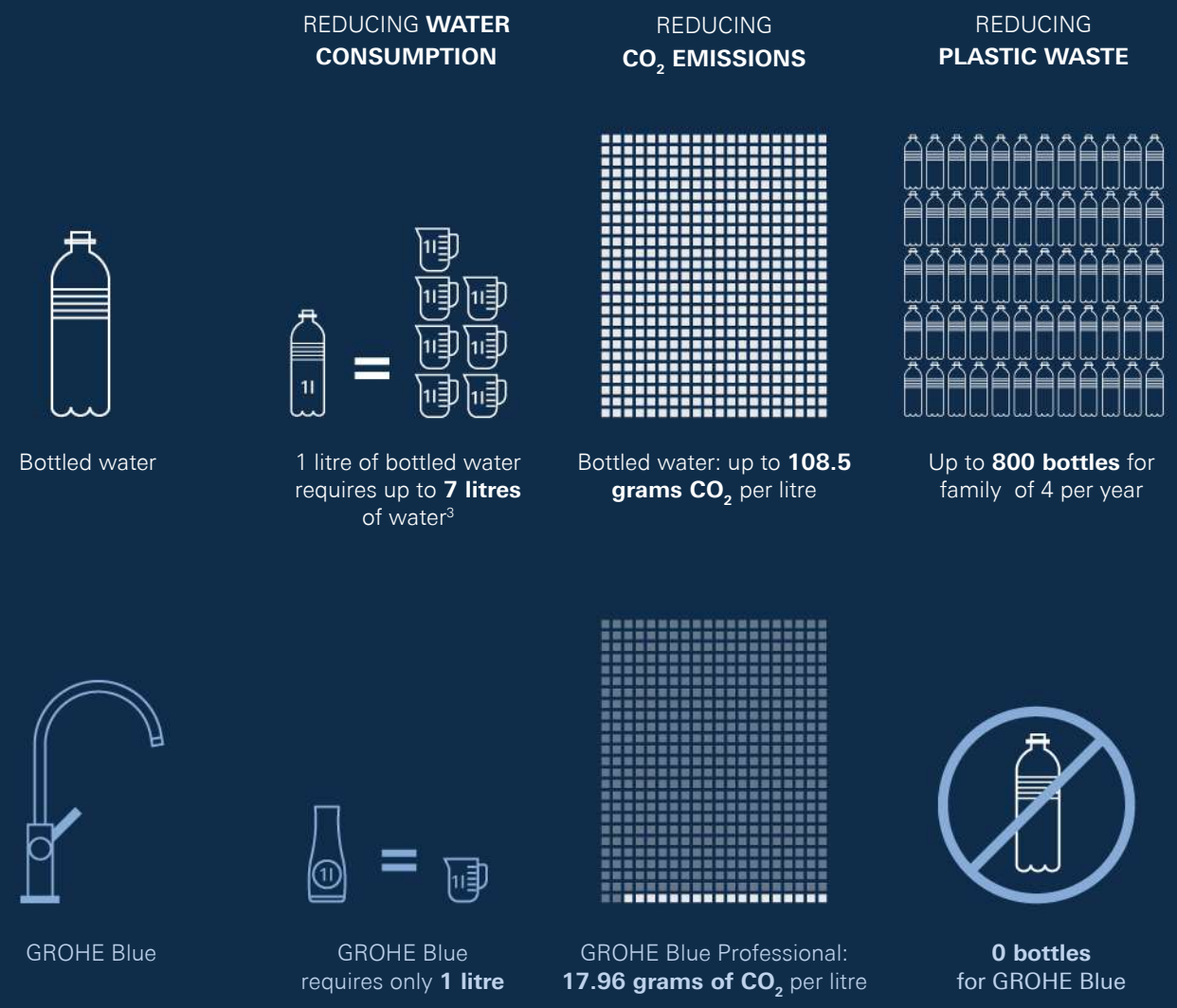
99 percent of all environmental effects of sanitary products occur during the use phase.

This is where GROHE Blue comes in:
as a resource-saving solution, it reduces water consumption, CO_2 emissions and plastic waste. In addition to the usual tap water, the water system enables consumers to draw still, medium or sparkling filtered and chilled water directly from the kitchen faucet. Thanks to GROHE Blue, families can avoid using up to 800 plastic water bottles per year[1] and reduce CO_2 emissions by more than 60 percent[2].

[1] DUH 2019, http://www.duh.de/mehrweg-klimaschutz0/einweg-plastikflaschen

[2] "Product Carbon Footprint for drinking water supply through a Grohe Blue faucet system compared to mineral water", Tim Schroeder, Prof. Dr. Jutta Geldermann, Georg-August University of Göttingen (2014)

[3] The real water consumption behind drinking water: The case of Italy, Journal of Environmental Management 92 (2011)



Graphic 13: GROHE Blue water system

GROHE SILKMOVE ES

In contrast, the SilkMove ES technology starts directly at the faucet lever and saves energy (ES = Energy Saving) by only allowing cold water to flow when the lever is in the middle position of the fitting, instead of a mixture of hot and cold water. This is a significant factor in saving energy, considering that with a conventional faucet, energy is consumed as soon as the lever handle in the middle is pulled upwards. In this way, a family of four can save up to 279 kg CO_2 per year, which corresponds to CO_2 emissions of driving up to 1,544 kilometres in a compact car.

Graphic 14: GROHE SilkMove ES

GROHE SENSE AND GROHE SENSE GUARD

Dripping faucets should be repaired, otherwise up to 15 litres of water can be lost every single day. That's about 5,500 litres a year. 14 percent of the total water wasted worldwide is due to undetected leaks. For purely private water consumption, this figure is 10 percent. For this reason, GROHE has developed a solution to detect leaks and switch off the water supply immediately in the event of a pipe break. The GROHE Sense water sensor detects leaking water, while the GROHE Sense Guard water security system measures the flow, pressure and temperature of the water in the pipes and can shut off the water supply if necessary.

Graphic 15: GROHE Sense Guard

Repairing dripping faucets can save up to 15 litres of water every day.

The new GROHE Sense app enables full transparency of water consumption and energy costs: with it, the water consumption of a house can be precisely tracked so that customers can get an accurate breakdown of their costs when entering their water and energy prices. This provides transparency and control, helps you to adjust your own usage behaviour, and means you can be more aware of how much water you're using.

Furthermore, the water security system changes the way homeowners can protect their property from potential risks. Other property threats associated with fire or burglary have been addressed by smart home devices for some time now. With GROHE Sense and GROHE Sense Guard, it is now possible to limit the rising number of water damages in order to save costs for owners and insurers as well as to avoid the environmental impact of wasting drinking water.

The savings that the GROHE Sense system makes possible are high: based on the figures of the largest roll-out to date with an insurance company in Finland, it became clear that the incidence of water damage significantly decreased and that the cost of water damage in the protected houses decreased by 70 percent.

Graphic 16: GROHE Sense App

INFRARED AND SELF-CLOSING FAUCETS

Touchless faucets controlled by an infrared sensor provide a good alternative to manual products in order to make hand washing more hygienic – especially in public areas where different people use the same faucet. The sensor reacts when hands approach the faucet and automatically activates the water flow. In case it no longer registers any movement, the water stops by itself after a certain run-on time.

This intuitive, touch-free operation prevents the faucet from being touched with dirty hands, so germs on the skin are not spread and new ones are not picked up through cross-contamination. Additionally, the automatic start-stop function also saves water, as the water only flows when a person actually holds their hands under the spout.

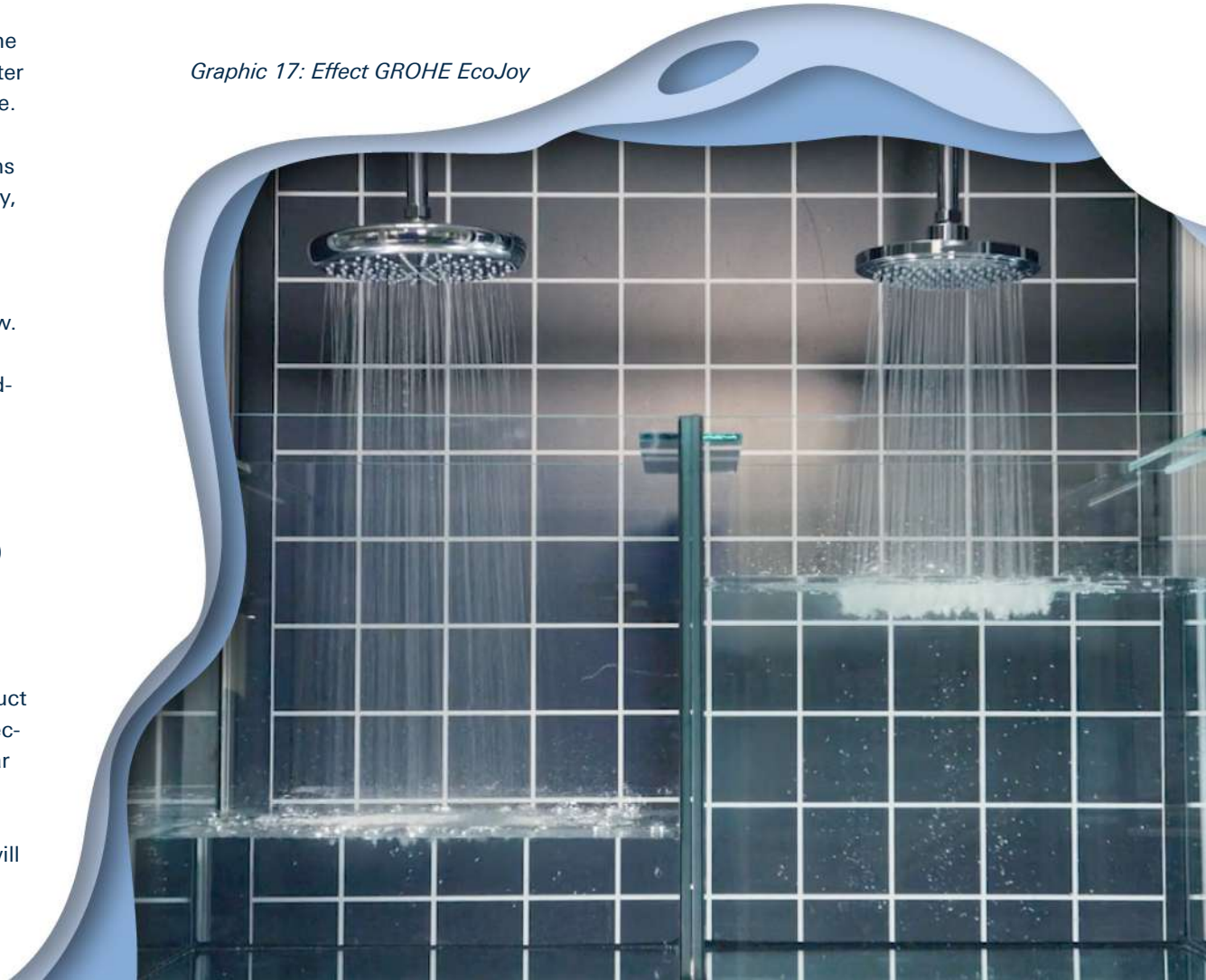
So-called self-closing faucets dispense water at the touch of a button and automatically stop the flow. The self-explanatory operation means this faucet works particularly well in highly frequented public and semi-public sanitary rooms. Their robust technology, vandalism-resistant properties and demand-oriented water delivery make them particularly economical to use.

PROGRESS AND CHALLENGES IN THE CONTEXT OF WATER AND ENERGY CONSERVATION

The issue of "water scarcity" has gained importance in recent years, especially due to the summer heat waves. To educate consumers about simple water-saving options, GROHE has focused its product communication on technologies such as GROHE EcoJoy. The positive development of sales is a reflection of the success: it increased from 69.9 percent (financial year 2018) to 77.3 percent (financial year 2020) in the basin faucet segment.

Another important topic is increasing the increasing GROHE´s own energy efficiency, so the brand will also strengthen communication regarding the SilkMove ES technology.

Graphic 17: Effect GROHE EcoJoy



3.2.
LONGEVITY OF THE PRODUCTS

GROHE products are set apart thanks to their longevity. A product that's in use for a long time contributes to a more sustainable consumer society and corresponds to the longest possible use and lifetime in accordance with the circular economy principle. In order to be able to guarantee long-lasting products, GROHE relies on resilient and high-quality materials as well as a timeless design.

The average lifetime of GROHE faucets with customers is approximately 17 years. When it comes to replacement, it is usually not the lack of functionality that is crucial, but the customer's request for a new design in the bathroom or kitchen. In order to be able to simulate a service lifetime of up to 20 years for the faucets, GROHE even carries out 220,000 movements instead of the prescribed 140,000 movements as part of the DIN-EN-817 test set-up, which continuously simulates the change from cold water to hot water as well as the opening and closing of the faucet in the area of the tap lever.

WARRANTY PERIODS

To be able to assure customers of a safe and long-lasting usage, GROHE provides a five-year manufacturer's warranty for all products and even extends this warranty to ten years for concealed products. Electronic faucets have a warranty period of two years with an option to extend to three years upon registration of the customer. GROHE spare parts are available for up to 15 years.

RETURNED PRODUCTS

GROHE and the GROHE product portfolio are subject to differing legal take-back obligations. In the EU these are principally take-back obligations for packaging, batteries and electrical/electronic devices. GROHE generally fulfils these obligations by participating in national take-back systems, which guarantees subsequent recycling of the materials or safe disposal.
>> Further information on the recyclability in production can be found in the chapter "Processes".

ACHIEVEMENTS

Within the context of the complaints process, GROHE documents every complaint case worldwide according to a defined standard and carries out corresponding evaluations on a programme-based basis. This way, guarantee issues can be easily identified and, as a result of this, the quality of the products can be further increased. Based on this, there is a regular exchange between product development and production in order to initiate specific improvement measures. One example of success is the GROHE Blue water system: at the warranty centre, a full examination of all complaint samples was carried out.
The possible causes of errors identified in the process supported the successful further development of the product.

OUTLOOK: CIRCULAR VALUE CREATION

The construction sector is one of the most resource intensive industries in the economy. Due to the increasing scarcity of raw materials and the associated growing awareness of climate and resource protection, the topic of sustainability in the construction industry is becoming more important. GROHE is monitoring these developments very closely and will follow the topic of circular value creation even more closely in the future.

3.3.
CUSTOMER HEALTH AND SAFETY

All GROHE products and services are designed according to a systematic and documented product development process. As part of this process, the brand regularly checks, on the basis of the international quality standard ISO 9001, that the specified requirements for the products are met, taking into account the applicable normative principles. The health and safety of customers in operation and the longevity of the products are of paramount importance.

In the case of significant product and service changes or new developments and innovations, GROHE works with additional quality planning and assurance methods, such as a "Failure Mode and Effects Analysis" (FMEA) as well as quality inspections accompanying series production. Customer health and safety also play an important role in both methods. GROHE is not aware of any incidents regarding non-compliance with regulations and voluntary conduct regarding the impact of products and services and their safety for the reporting period based on appropriate monitoring or observation of the products in field use.

To ensure the intended use of the products, also with regard to health and safety, "child locks" are used for the hot water product "Red", for example, and other safety devices (e.g. interlocking of shower thermostats).

Graphic 18: GROHE Red child lock

3.4. PROMOTING DIVERSITY AND INCLUSION THROUGH GROHE PRODUCTS

In the context of its three strategic pillars of sustainability, LIXIL's group-wide objective in the "DIVERSITY AND INCLUSION" pillar is for all products and services to be based on the LIXIL Universal Design concept by 2030.

GLOBAL SANITATION & HYGIENE

SANITATION FOR ALL

By 2025, improve the livelihood of 100 million people through sanitation and hygiene initiatives.

WATER CONSERVATION & ENVIROMENTAL SUSTAINABILITY

ZERO CARBON & CIRCULAR LIVING

By 2050, achieve net-zero carbon emissions from housing and lifestyle solutions as well as operations, and become a leading company based on a model that preserves water and natural resources for future generations.

DIVERSITY & INCLUSION

INCLUSIVE FOR ALL

By 2020, establish the culture of diversity and inclusion within our organization and among all employees.
By 2030, ensure all products and services* are based on LIXIL's Universal Design concept.

In order to achieve this goal, LIXIL formed an internal working group in 2018 consisting of different departments such as design, marketing, PR and technology development. Within the context of the resultant LIXIL UNIVERSAL DESIGN POLICY, it was defined that all LIXIL products must be easy to understand, simple to use, safe as well as timeless.

**Products and services in Japan (as of August 2019)*

Graphic 19: LIXIL Universal Design Policy

Graphic 20: GROHE SmartControl – at the touch of a button, the preferred spray pattern is selected. The desired water volume (from eco to maximum) can be regulated by turning the button.

On the basis of this policy, LIXIL will develop and offer products and services that include various perspectives to enable people of all ages to live fulfilled and comfortable lives. GROHE has also developed product solutions such as GROHE Blue (see Page 45), GROHE Sense (see Page 47) or GROHE SmartControl (see Graphic 20), which are intuitive and safe to use across generations.

PROCESSES

4.
PROCESSES

In order to effectively address the ecological challenges of our time, GROHE defined the fields of activity shown on Page 25 as early as the year 2000. The individual processes of the value chain and the resulting products form part of these areas of activity. The three main topics identified in the materiality analysis, "Raw Material, Material Consumption and Waste", "Water Consumption in the Production Process" and "Emissions, Energy Consumption and Climate Change", relate in particular to the field of action "Processes".

In exchanges with GROHE stakeholders, the growing significance of a conservative use of resources became clear. The way in which GROHE optimises its processes in terms of the use of raw materials and materials and minimises waste is described in **Section 4.1.**.

In the context of global resources, water is particularly important for people and the environment; for this reason GROHE consistently realises potential savings and avoids water pollution, both in its product portfolio (see Chapter 3) and in its production processes. The materiality analysis also revealed the demand of stakeholders for action in this regard, which is presented in more detail in **Section 4.2.**. The year 2019 was the second hottest year ever recorded and also ended the warmest decade ever recorded. The ever-increasing levels of CO_2 and other greenhouse emissions into the atmosphere are intensifying the climate crisis, which is already causing immense damage worldwide.[6] Energy production based on fossil fuels continues to be one of the central causes of global greenhouse gas emissions. How GROHE counteracts this and thereby also meets the expectations of its stakeholders is described in **Section 4.3.**. GROHE also takes into account its own energy-intensive melting processes, which allow for a high degree of vertical integration along the value chain.

As part of the process design, the focus is also on continuous improvement with regard to occupational safety and the health for all GROHE general staff members. How GROHE ensures health protection and occupational safety is explained in the general staff member area of activity (see Chapter 5).

[6] *UN Sustainable Development Goal 13 – Climate Action (Link)*

4.1.
RAW MATERIAL, MATERIAL CONSUMPTION & WASTE

GROHE is on a mission to conserve resources – within and outside its operational processes. The brand has set itself the goal to make all processes such that they fulfil in the best way possible the demands of the environment, resource efficiency, occupational health and safety requirements while considering economic factors. Present and planned processes are therefore systematically analysed with regard to their effects, in order to minimise potential stresses. Among other things, internal processes are optimised through the use of a certified environmental management system according to ISO 14001.
>> More information on the management systems can be found in the chapter "Sustainability".

MATERIALS USED AND SECONDARY RAW MATERIALS

Materials used by GROHE are mainly metals for its own melting, plastic granulates and packaging made of paper, cardboard and carton. The extraction, processing as well as disposal or recycling of materials and raw materials has a major impact on the environment along the entire value chain; for example, large energy and water volumes are required. Therefore, as far as possible, GROHE uses secondary raw materials and pays attention to the recyclability of the materials, so that the materials in use can be recycled at the end of the product life cycle.

38,661 tonnes of the most important materials were used in 2019.
55 percent of these consisted of recycled material.

	Total amount of materials	Renewable basic material
2016	32,863	18,292
2017	34,854	18,943
2018	38,631	21,319
2019	38,661	21,306

Table 04: renewable basic material (all types of brass, paper, cardboard, carton), based on weight in tons

METALS

The most important bought-in metals are brass, copper, zinc and nickel.

	Quantity in tons				
	2015	**2016**	**2017**	**2018**	**2019**
Nickel	64	93	112	112	132
Copper	4,186	4,650	4,870	4,745	4,585
Copper master alloy	102	107	207	174	243
Zinc	2,798	3,153	3,380	4,751	4,859
Brass (ingot)	1,911	2,272	2,569	2,352	2,223
Brass (band)	488	915	770	846	828
Brass (rod)	1,690	2,471	2,711	2,693	2,396
Other raw material	269	116	293	303	205
TOTAL	**11,509**	**13,776**	**14,913**	**15,976**	**15,472**

Table 05: metals used by weight in tons

The proportion of secondary raw materials in GROHE's brass alloys (pre-consumer recycling/post-consumer recycling) depends on the required brass specification. For new materials, it usually lies in the range of 75–85 percent secondary raw material content. Around 23 percent of the entire brass requirement is covered by renewable materials (scrap). As metals can be recycled repeatedly without loss of quality, secondary raw materials (scrap) and new metal are of equivalent quality. The "recyclability" of metals at the end of a product's life cycle is therefore practically 100 percent.

GROHE has been using the new 3D metal printing process as part of its manufacturing technology since 2019. This offers completely new possibilities in terms of design and also enables a particularly resource-saving method for manufacturing faucets: only material that remains in the finished product is used. Additionally, components such as the spout and handles can be manufactured much thinner, saving both material and energy. For instance, the 3D-printed "Allure Brilliant" series shows a weight reduction of 55 percent compared to the brass version.

PLASTICS

100 percent of the plastic granulate used in 2019, the so-called ABS plastic material, which is generated as waste in the company's own production, is recycled and reused in the ongoing process.

Primary raw materials are used almost exclusively, for reasons of quality. The "sprues" and "risers" that are created by the plastics injection moulding machines are collected by GROHE at the individual machines, processed (granulated) and returned to the production process. Secondary raw materials (pre-consumer recycling) are used in low amounts in qualitatively uncritical components.

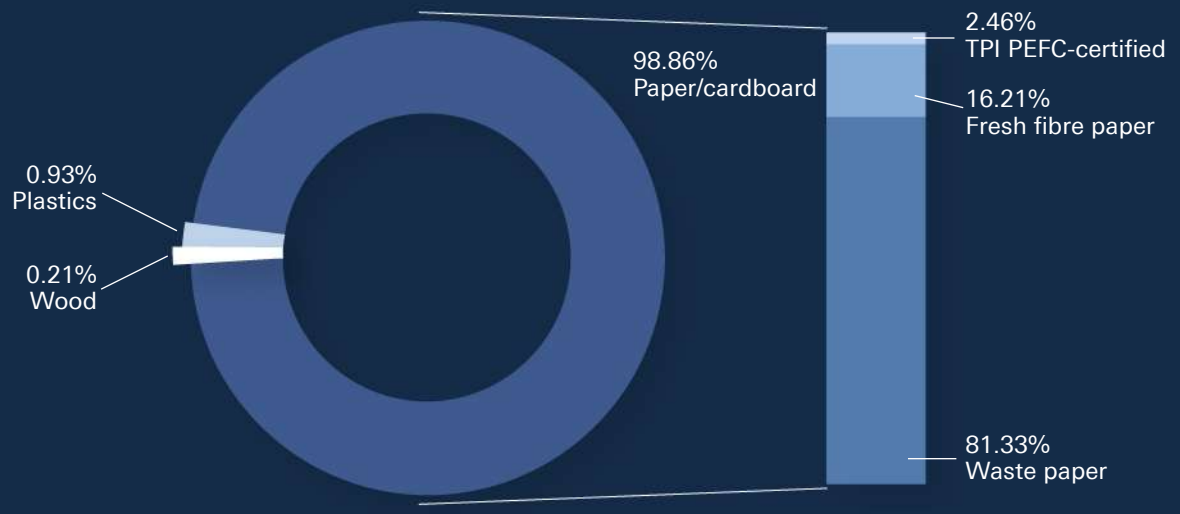
	Quantity in tons			
Plastic granulate	**2016**	**2017**	**2018**	**2019**
PLAST granulate ABS	903	900	1,129	1,166
PLAST granulate ABS/PS	92	125	152	132
PLAST granulate PA 6	83	89	183	188
PLAST granulate PBT	393	398	455	447
PLAST granulate POM	1,033	1,065	1,155	1,285
PLAST granulate PP	3,809	4,361	5,228	5,466
PLAST granulate PS	529	584	717	774
PLAST granulate, syringe	6	6	6	6
Silicone	125	125	146	173
TOTAL	**6,973**	**7,653**	**9,170**	**9,638**

Table 06: plastic granulate by weight in tons

PACKAGING

Packaging is divided by GROHE into paper, wood and plastics. Currently, GROHE uses almost 100 percent paper, cardboard or paperboard (PPK) as well as pure polyethylene. Both material fractions can be well recycled. Even today, about 79 percent of PPK is produced from recycled fibres.
Only in special cases are plastic films, usually made of polyethylene, used for product protection reasons.

In Europe, GROHE is subject to the return and recycling obligations in accordance with the European Packaging Ordinance. These requirements are satisfied by the brand through participation in country-specific, national return and recycling systems. The Packaging Ordinance requires that all product packaging placed on the EU market is to be taken back. GROHE follows the mono-material principle when using packaging materials: packaging, for instance, should consist of a single material if possible and not contain any composites. GROHE packaging can therefore be easily separated by type and subsequently routed to recycling systems.



Graphic 21: packaging by weight in %, FY 2019

	Quantity in tons				
	2015	2016	2017	2018	2019
Wood	28	59	11	33	29
Plastics	70	104	53	82	126
Paper/cardboard	10,334	11,952	12,224	13,370	13,396
TOTAL	**10,432**	**12,114**	**12,288**	**13,485**	**13,551**

Table 07: packaging by weight in tons

	2015	2016	2017	2018	2019
Paper/cardboard	100%	100%	100%	100%	100%
Waste paper	73%	75%	79%	80%	81%
Fresh fibre paper	24%	23%	18%	17%	16%
TPI PEFC-certified	3%	3%	3%	2%	2%

Table 08: packaging made of paper, cardboard, carton by weight in%

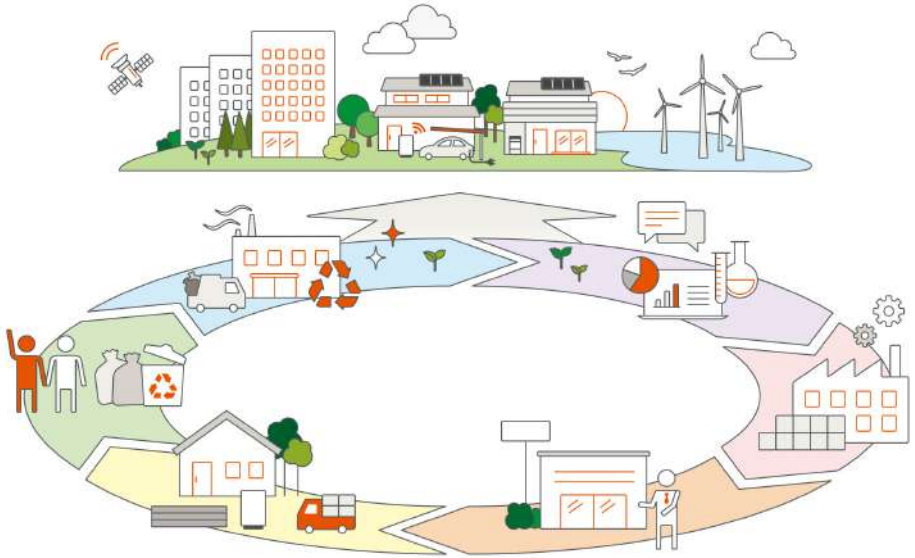
LIXIL PLASTICS ACTION STATEMENT

Taking a step forward for the future of living and for the planet.
As a maker of water and housing products that touch the lives of one billion people every day, LIXIL believes in the responsible use of resources. From designing products and services to adopting alternative materials to minimize its environmental footprint, the newly established LIXIL Plastics Action Statement outlines LIXIL's commitment to helping the world transition to a circular economy through innovation. From its offices to its manufacturing plants around the world, LIXIL is working toward a sustainable future.

We will redefine how we use plastic
LIXIL will proactively adopt alternative and renewable resources as well as pursue the innovation of new materials to replace conventional plastics that are used in its packaging and distribution in order to mitigate its impact on the environment.

We will provide products and services that promote the circular use of plastics
From the moment we first procure materials through to the manufacturing, use and disposal of products, LIXIL will accelerate its efforts to design environmentally friendly products that responsibly use plastics throughout the entire product lifecycle.

We will collaborate with employees, business partners and consumers
Together with employees, consumers, local communities, and business partners, we will deepen our understanding of issues affecting plastic consumption. We will encourage others to join us in practicing the responsible reduction, reuse and recycling of plastics.



"LESS PLASTIC INITIATIVE"

In 2018, GROHE launched the "Less Plastic Initiative" with the goal of replacing its products' plastic packaging with more sustainable alternatives. By 2021, this should save around 35 million packages made of plastic material. The transition to plastic-free packaging is a process that encompasses all production sites alike. As such, in addition to identifying the most commonly used plastic packaging, new material alternatives must be researched, tested and subsequently implemented.

GROHE SUSTAINABILITY OBJECTIVES: WASTE

As part of the GROHE Sustainability Objectives 2014 – 2021, GROHE has set itself the objective of gradually increasing the waste recycling rate to 99 percent, which has already been exceeded in the last two years.

The key indicator development is as follows:

Recycling rate		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Sustainability target	Wgt % *	Base year	93%	94%	95%	96%	97%	98%	99%
Result	Wgt % *	94.2%	94.8%	93.2%	93.5%	94.9%	99.5%	99.5%	Ongoing

Table 09: GROHE Sustainability Objectives, waste recycling rate
**Waste recycling rate by weight %*

IN DETAIL, THE DEVELOPMENT OF RECYCLING RATES FOR WASTE IN RECENT YEARS WAS AS FOLLOWS

No other waste treatment processes than those presented are being used. The choice of the disposal method is primarily based on the legal requirements, followed by the internal requirement to achieve the highest possible recycling rate.

	NON-HAZARDOUS WASTE		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
1. RECYCLING/REUSE	Sales	kg	3,560,117	3,748,353	3,819,696	6,278,049	6,466,285	7,216,998	6,811,884
	Recycling	kg	14,613,847	16,583,585	16,157,323	14,568,554	14,677,619	16,012,865	15,821,142
	Thermal waste-to-energy	kg	250,234	243,925	263,935	310,878	372,701	361,904	400,552
2. DISPOSAL	Burning	kg	0	13,650	94,840	121,450	84,120	225	981
	Landfill	kg	208,506	807,977	79,553	215,901	40,279	5,120	1,410
	HAZARDOUS WASTE								
1. RECYCLING/REUSE	Sales	kg	64,802	59,087	38,578	41,122	476,623	642,498	650,364
	Recycling	kg	4,119,542	2,341,612	1,973,339	3,414,886	2,372,712	1,876,337	2,090,311
	Thermal waste-to-energy	kg	1,015,708	805,869	709,232	826,501	1,089,479	1,143,335	1,408,419
2. DISPOSAL	Burning	kg	130,213	367,726	1,009,232	500,611	184,569	111,513	119,408
	Landfill	kg	1,126,873	124,352	511,846	895,379	973,337	18,792	30,329
	TOTAL: REUSE (NON-HAZARDOUS AND HAZARDOUS WASTE)								
	Sales	kg	3,624,919	3,807,440	3,858,274	6,319,171	6,942,908	7,859,496	7,462,248
	Recycling	kg	18,733,389	18,925,197	18,130,662	17,983,440	17,050,331	17,889,202	17,911,453
	Thermal waste-to-energy	kg	1,265,942	1,049,794	973,167	1,137,379	1,462,180	1,505,239	1,808,971
	TOTAL	**kg**	**23,624,250**	**23,782,430**	**22,962,104**	**25,439,989**	**25,455,419**	**27,253,937**	**27,182,672**
	TOTAL: DISPOSAL (NON-HAZARDOUS AND HAZARDOUS WASTE)								
	Sales	kg	130,213	381,376	1,104,072	622,061	268,689	111,738	120,389
	Recycling	kg	1,335,379	932,329	591,339	1,111,280	1,013,616	23,912	31,739
	TOTAL	**kg**	**1,465,592**	**1,313,705**	**1,695,471**	**1,733,341**	**1,282,305**	**135,650**	**152,128**

Table 10: waste-recycling rate in detail

4.2.
WATER CONSUMPTION IN THE PRODUCTION PROCESS

In line with GROHE's mission to develop water-saving technologies and products, the brand also keeps an eye on its own production processes and works to reduce water consumption.

GROHE SUSTAINABILITY OBJECTIVES: WATER CONSUMPTION/WATER USE

Within the context of the GROHE Sustainability Objectives 2014 – 2021, GROHE has set itself the goal of gradually reducing water consumption or water use by 20 percent. This concerns the relative water consumption in relation to the cost-relevant output parameter, which indicates the added value in the production process. Over time, this "common denominator" allows GROHE to compare production sites with differing areas of production expertise, such as brass and zinc die-casting or plastics fabrication. With a reduction of 38.7 percent, the decrease was significantly higher than intended.

Water abstraction		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Key indicator	m^3/€*	756.7	596.6	563.6	585.1	647.7	544.0	464.0
Sustainability target	m^3/€*	Base year	–2.86%	–5.71%	–8.57%	–11.42%	–14.29%	–17.14%
Result			–21.2%	–25.5%	–22.7%	–14.4%	–28.1%	–38.7%

**Water abstraction (m^3)/cost relevant output (€)*
***Without taking into account new production plant for zinc die-cast components in Thailand, in order to ensure consistency of the key figures*

Table 11: GROHE Sustainability Objectives, water abstraction

Over the last few years, the water withdrawal, which is measured by water meters, has been as follows:

Water abstraction		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Surface water	m^3	153,001	155,284	132,654	148,652	185,231	236,422	246,508	Ongoing
Groundwater	m^3	100,804	117,401	119,408	131,654	101,683	34,542	33,974	Ongoing
Municipal water supply or other water suppliers	m^3	93,464	85,985	77,890	81,567	135,085	174,511	152,679	Ongoing
TOTAL	**m^3**	**347,269**	**358,670**	**329,952**	**361,873**	**421,999**	**445,475**	**433,161**	**Ongoing**

Table 12: water abstraction in detail

Only water from sources mentioned in the table is taken. In 2018, the production plant in Thailand was expanded. For this reason, the absolute water consumption has also increased since the 2018 financial year.

4.3.
EMISSIONS, ENERGY USE & CLIMATE CHANGE

The demand for energy is constantly growing in light of rising population figures and steadily growing economies. GROHE believes its mission is to both develop energy-saving technologies and save as much energy as possible within its processes. In doing so, the brand is optimising its internal processes through a certified energy management system according to ISO 50001.

>> More information on our management systems can be found in the chapter "Sustainability".

Graphic 22: cogeneration plant in Lahr/Germany

Graphic 23: solar panel plant Klaeng/Thailand

GROHE SUSTAINABILITY OBJECTIVES: REDUCTION OF ENERGY CONSUMPTION

Within the context of the GROHE Sustainability Objectives 2014 – 2021, GROHE has set itself the goal of gradually improving energy efficiency by 20 percent. This goal is based on the key indicator for energy use and related to the cost relevant output. This goal has also already been slightly exceeded by GROHE.

**Energy use in kWh/cost relevant output (€)*
***Without taking into account new production plant for zinc die-cast components in Thailand, in order to ensure consistency of the key figures*

Heating and cooling energy will not be separately recorded and steam will not be used as an energy carrier. During the 2014 and 2015 financial years, electric power, heating energy, cooling energy or steam were sold. For this purpose, the conversion factors of official bodies were used.

The key indicator development for increasing energy efficiency is as follows:

Energy efficiency		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Key indicator	kWh/€*	304.5	235.6	240.8	240.6	239.1	230.4	233.8
Sustainability target		Base year	+2.86%	+5.71%	+8.57%	+11.42%	+14.29%	+17.14%
RESULT			**+22.6%**	**+20.9%**	**+21.0%**	**+21.5%**	**+24.3%**	**+23.2%**

Table 13: GROHE Sustainability Objectives, energy efficiency

In detail, energy consumption in megajoules (MJ) has developed as follows in recent years:

Energy use		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Electricity	MJ	356,609,712	361,529,615	359,839,909	372,778,830	374,684,027	379,775,341	376,044,705
Natural gas	MJ	139,416,108	39,131,228	41,433,711	49,875,343	46,389,598	42,117,791	39,885,712
LPG	MJ	5,934,108	6,945,144	7,772,755	6,371,353	5,859,060	5,663,553	8,171,648
Heating oil (stationary)	MJ	1,220,853	31,315	53,676	75,146	472,957	107,352	0
Diesel (portable)	MJ	469,275	551,159	590,108	965,604	1,180,595	860,496	1,201,865
TOTAL	**MJ**	**503,650,056**	**509,929,654**	**517,417,808**	**559,742,166**	**549,199,190**	**538,030,791**	**529,006,783**

Table 14: energy efficiency in detail

GROHE SUSTAINABILITY OBJECTIVES: DIRECT GHG EMISSIONS

As part of the GROHE Sustainability Objectives 2014 – 2021, GROHE has set itself the objective of gradually reducing greenhouse gas emissions (GHG/carbon footprint) by 20 percent. This goal is based on the key indicator for carbon footprint (CO_2) and related to the cost relevant output. Since 1st July 2019, the sourcing of CO_2-neutral electricity (see "GROHE goes Zero" below) has had a disproportionately positive effect.

For the development of key figures for reducing greenhouse gas emissions, the following picture emerges:

Carbon footprint		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Key indicator	kg CO_2/€*	125.3	95.8	96.2	91.2	84.9	81.8	31.6
Sustainability target		Base year	–2.86%	–5.71%	–8.57%	–11.42%	–14.29%	–17.14%
ACHIEVED REDUCTION			**–23.5%**	**–23.3%**	**–27.2 %**	**–32.2%**	**–34.7%**	**–74.8%**

Table 15: GROHE Sustainability Objectives, GHG/carbon footprint

**Carbon footprint in kg CO_2/cost relevant output (€)*

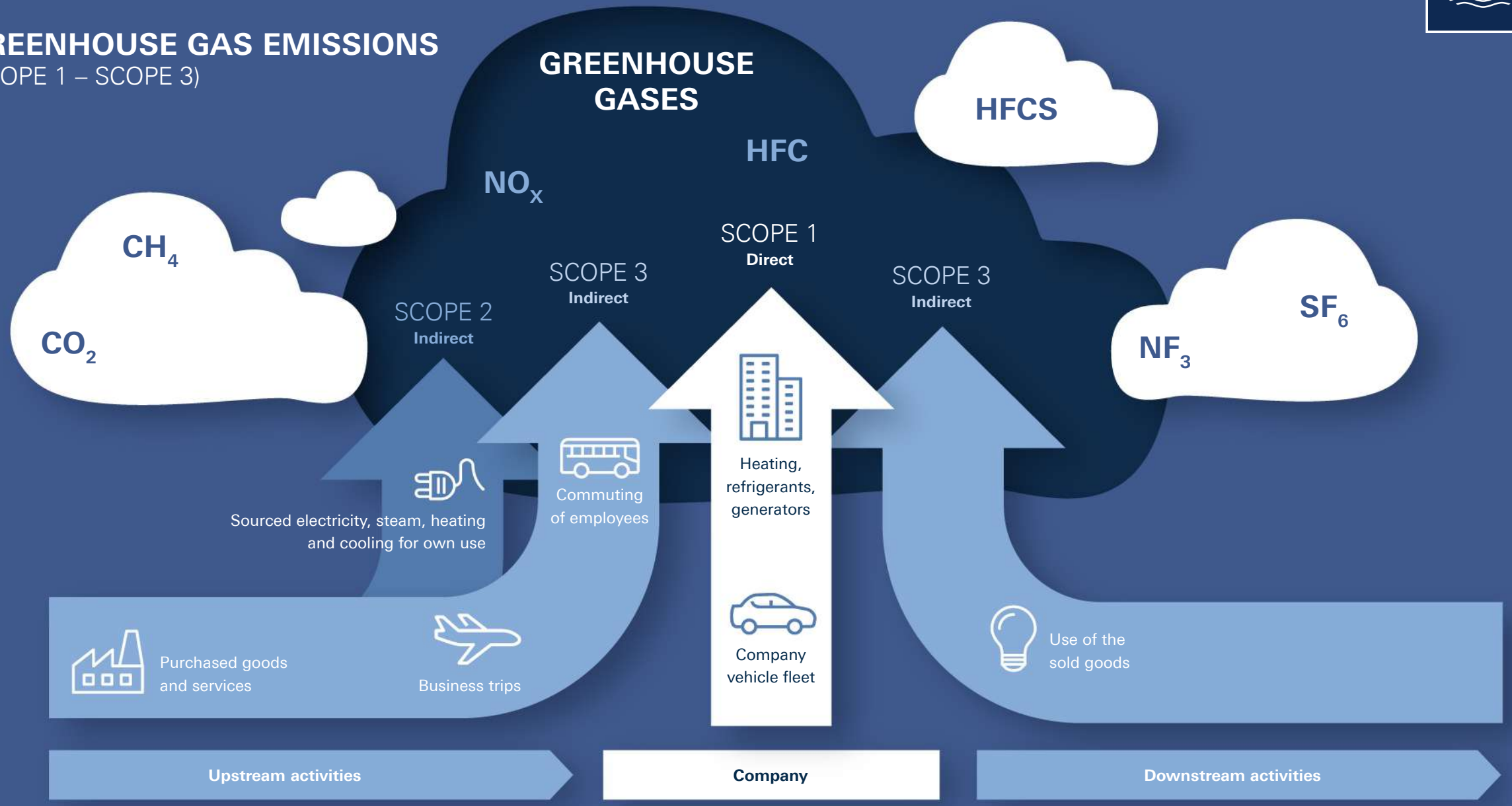
"GROHE GOES ZERO"

In addition to the greenhouse gas reduction targets set out by GROHE in the Sustainability Objectives 2014 – 2021, the "GROHE goes Zero" strategy was adopted and implemented in 2019: Being one of the first leading manufacturers in the sanitary industry, GROHE has achieved carbon-neutral production since 1st April 2020. As early as July 2019, all five production plants and the German logistics centres were switched to green electricity (neutralisation of so-called "Scope 2 emissions"). For the European sites, green electricity is sourced from Scandinavian hydroelectric power plants or renewable energies from Spain. On the other hand, the factory in Thailand receives green electricity from Thai photovoltaic plants.

GROHE compensates for further CO_2 emissions from direct production and logistics activities at the five plant and two logistics sites, known as "Scope 1 emissions", through two offset projects: the brand supports the operation of a hydroelectric power plant in India, which eliminates the need for coal-fired power generation, as well as a project in Malawi to repair and maintain boreholes used to produce drinking water. Both projects are evaluated according to stringent criteria, such as the Gold Standard, developed under the aegis of the WWF. In addition to avoiding CO_2, the measures also contribute to a more sustainable, ecological and social development within the projects' environments.

Within the "GROHE goes Zero" initiative, GROHE is already striving towards the next level: all sales offices across the globe are to be CO_2-neutral by the end of 2021.

GREENHOUSE GAS EMISSIONS
(SCOPE 1 – SCOPE 3)



Graphic 24: explanation Scope 1–3

The development of greenhouse gas emissions (Scope 1 and Scope 2) in recent years was as follows:

	GHG emissions		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
GHG – SCOPE 1	Natural gas	t CO_2	7,807	7,868	8,326	10,017	9,310	8,382	8,000
	LPG	t CO_2	375	439	491	402	370	358	0
	Heating oil (stationary)	t CO_2	90	2	4	6	35	8	2
	Diesel (portable)	t CO_2	35	41	44	71	88	64	43
	TOTAL	t CO_2	8,306	8,349	8,864	10,496	9,804	8,812	8,044
GHG – SCOPE 2	Electricity	t CO_2	49,820	49,270	47,428	45,902	42,056	42,348	10,624
	TOTAL	t CO_2	49,820	49,270	47,428	45,902	42,056	42,348	10,624
	TOTAL (SCOPE 1+2)	**t CO_2**	**58,126**	**57,620**	**56,292**	**56,399**	**51,860**	**51,159**	**18,669**

Table 16: GHG – Scope 1 and Scope 2

In the observations and calculations, direct and indirect greenhouse gas emissions are included from Scope 1 and Scope 2. Only CO_2 is taken into account, since CH_4, N_2O, FKW, PFKW, SF_6, N_3 were not included due to lack of materiality. Compared to the greenhouse gas emissions from electricity, natural gas, LPG (Liquid Petroleum Gas) and diesel, the greenhouse gas emissions from CH_4, N_2O, HFC, PFC, SF_6 and N_3 at GROHE fall within the promille range. Biogen CO_2 emissions are of no relevance to GROHE, as no biomass is combusted. The emission factors used for calculated greenhouse gas emissions correspond to the data provided by the national electricity suppliers. The official conversion factors of the IPCC (Intergovernmental Panel on Climate Change) were used for other energy sources such as natural gas, heating oil, diesel or LPG. Considered were the emissions of GROHE's production sites and logistics centres (consolidation approach = capital share, financial and operational control). The energy consumed outside of the organisation is not captured.

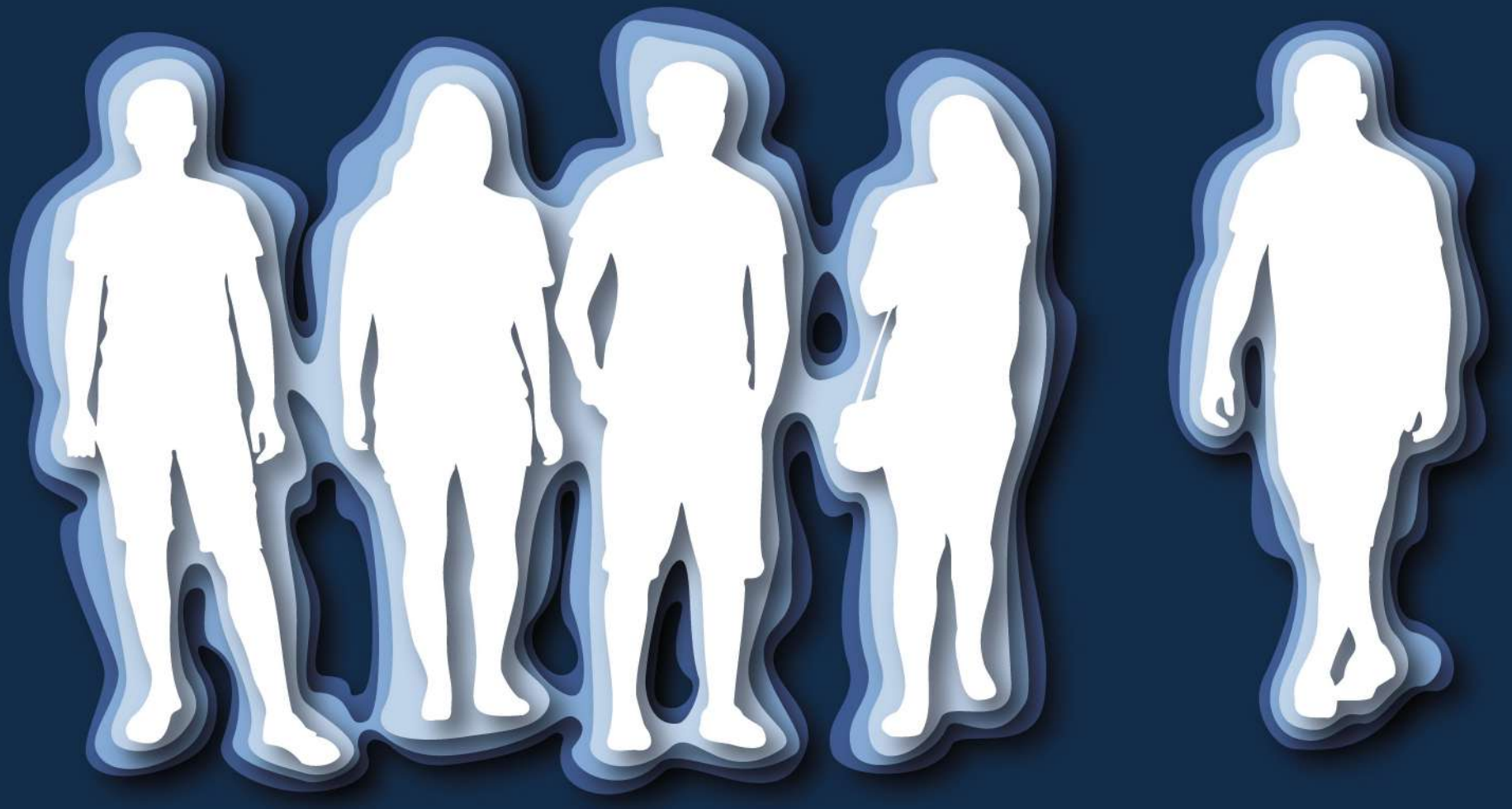
The impact of green electricity has been felt since July 2019: Since the 2020 financial year (period 01.04.2019–31.03.2020), GHG emissions have been decreasing significantly.

Scope 3 (other indirect greenhouse gas emissions)
The integration of GROHE into the LIXIL Group resulted in the introduction of a group-wide "Environment, Health and Safety (EHS)" key indicator structure. The implementation process is in full swing. As the calculation of Scope 3 emissions is currently not included, no analysis was carried out in the reporting period.

TRADE OF GOODS

That being said, GROHE is also looking at Scope 3 emissions: in procurement, new projects were initiated that result in an improvement of the CO_2 balance. 200 containers arriving from Hamburg have already been transported to the Porta Westfalica logistics centre by ship or train since 2019. Transport from the Hemer logistics centre to Hamburg was also switched to rail in April 2019 (previously 330 containers). Instead of 350 km, lorries are now operating for only 30 km (CO_2-savings of approx. 40 percent per container).

EMPLOYEES & DIVERSITY



5. EMPLOYEES

Sustainability at GROHE primarily means responsibility – responsibility towards the environment and towards people. As part of the materiality process, GROHE identified the topics of "Diversity and Demography" as central areas of activity. Due to its international background in particular, GROHE feels strongly connected to the guiding principle of an open and diverse society: promoting inclusive diversity among the employees is one of our declared objectives. The demographic change is a central challenge that GROHE faces **(see Section 5.1.).**

Other relevant areas of activity are "General Staff Development" **(see Section 5.2.)** and "Health and Safety" **(see Section 5.3),** as the qualification and well-being of all employees are central fundamentals of GROHE's business activities.

5.1. DIVERSITY & DEMOGRAPHICS

Diversity is a central theme for LIXIL and is firmly anchored in the LIXIL Sustainability Strategy (see Page 22). The strategy aims to establish a culture of diversity and inclusion throughout the organisation and among all colleagues by 2020. Even as early as 2018, LIXIL published a corresponding statement on "Diversity and Inclusion", focussing on four areas: gender and age, family and living, physical impairments, as well as culture and identity.

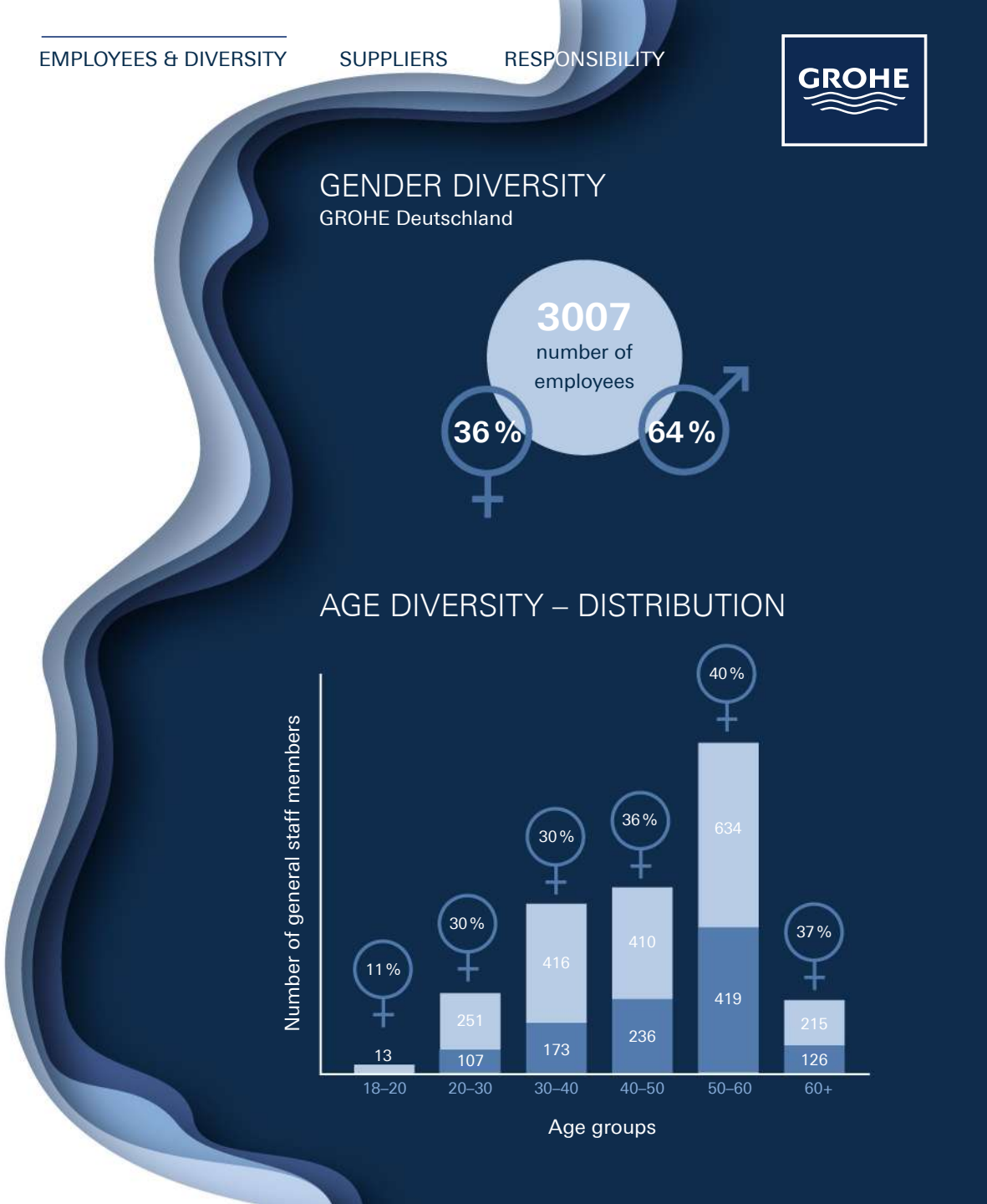
>> More details are described in the LIXIL Sustainability Report from Page 28 onwards.

On top of this, GROHE aims to create a working environment that is free from prejudice. Open and honest communication characterised by mutual respect is encouraged. All employees are to be valued – regardless of their biological gender and gender identity, nationality, ethnic origin, religion, world view, disability, age or sexual orientation. These aspects of diversity and inclusion are also anchored in the LIXIL Code of Conduct as well as in the LIXIL Group Human Rights Principles.

>> Further information can be found in the LIXIL Sustainability Report as well as in the LIXIL Code of Conduct.

DIVERSITY AT GROHE IN NUMBERS

The GROHE Supervisory Board is made up of a total of twelve members from different nationalities. The majority are members of German and Japanese nationality. Altogether, GROHE employs people from 45 nations. The average age of the general staff is 45.3 years. Women make up 35.7 percent of the workforce. As currently key personal indicators are being set up LIXIL-wide, it is not possible to provide detailed data on gender, age group or other diversity indicators at the moment. However, this data is only available for Germany.



Graphic 25: gender and age diversity of employees at GROHE in Germany

5.2.
GENERAL STAFF DEVELOPMENT

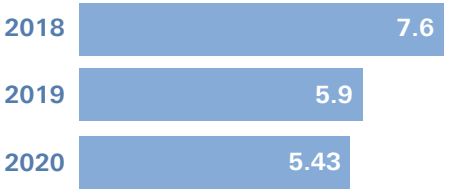
GROHE is a leading global brand for holistic bathroom solutions and kitchen taps. GROHE would like to build on this leading position. In addition to the continuous development of GROHE products and technologies, it also means promoting the personal and professional development of general staff members.

TRAINING AT GROHE

GROHE trains 48 apprentices (financial years 2018 – 2020) in 22 different professions. However, the brand is not concerned with quantity, but rather with the quality of the training; for which GROHE has already been recognised several times. A total of 23 GROHE apprentices have been recognised as achieving the best results since 2010, eleven of them as the best in the state and five as the best throughout all of Germany. The brand also supports further education through subsidies so that it will continue to have an abundance of skilled workers in the future.

STAFF ADVANCEMENT

GROHE professional development programmes are purely based on the qualification needs identified and defined in advance by the brand; in this way, it is possible to optimise individual and organisational performance.



In the 2018 financial year, GROHE invested approximately 7.6 hours for each general staff member for training; 5.9 hours per general staff member in the 2019 financial year and 5.43 hours per general staff member in the 2020 financial year.

Graphic 26: training courses in hours, per employee

During the 2020 financial year, the topic of "digitalisation" was the focus of general staff development. This is why training efforts were focused on participation in the Handelsblatt Media Group's ada Fellowship Programme (see Page 75). The knowledge was made available to all employees via intranet postings. The average number of training hours per employee decreased as a result of the focus on this project (5.43 training hours/employee).

Around 25 percent of all further training courses will be conducted in the form of online training. The training course is directed at all general staff categories, whereby a distinction is made between the GROHExcellence and GROHEfficiency programmes. Both programmes follow the principle that the employee should be viewed as an expert in their respective field who can pass their knowledge on to other colleagues. GROHExcellence covers basic technical skills for example the use of the Microsoft Office programme package. GROHEfficiency, however, addresses wide-ranging leadership skills and soft skills and is intended for the optimisation of these competences. For this reason, external experts are also called in for training.

These programmes account for just 10 percent of our general staff development. A further 20 percent consist of learning from external third parties. And 70 percent of the learning process occurs consciously and with guidance through daily practice ("on the job"). Learning on the job equates to the build-up of experience from mastering challenges on your own. This 70/20/10 model is widespread practice and forms an integral part of the learning and training philosophy at GROHE.

CAREER START AT GROHE

GROHE acquaints its employees with the brand's products, standards and procedures as soon as possible, as part of the onboarding process. While we're on the topic of sustainability, a separate information module is offered by the Communication Department: altogether 113 employees were trained in sustainability in this way in the 2019 financial year.

LIFELONG LEARNING

The transformation of the markets, the changing requirements of products and materials as well as the geographic expansion of the brand means that there is a constant pressure to adjust, which in turn means that the organisation and its employees must continue to learn on a permanent basis. In the past, once knowledge had been acquired it lasted for years, but this is not the case anymore, in any sector. Continuous development has become a basic prerequisite for competitiveness. In addition to this, GROHE is operating in new fields of work due to new processes (e.g. 3D metal printing) or new materials and components (e.g. electronics), but also with new distribution channels (e.g. e-commerce) that are fundamentally new to the general staff members and therefore require special qualification measures. The training requirements are discussed with the general staff members and their supervisor as part of the annual dialogue with general staff members.

INNOVATIVE LEARNING OPTIONS

The GROHE MasterAcademy offers a wide range of digital learning media ("LearningCards") to all general staff members for internal training. GROHE is relying more and more on innovative solutions. These e-training courses feature videos, interactive surfaces, animations and quiz formats that make the learning experience effective while keeping it fun. Knowledge can easily be expanded via different learning cards. The basic principle is a knowledge base that can be called up on the go and is suitable for any desktop, tablet or smartphone.

ADA FELLOWSHIP PROGRAMME

In order to keep up with technological progress and increasing global complexity, new skills are required. GROHE's participation in the **ada Fellowship Programme** ran by the Handelsblatt Media Group begins precisely here: The kick-off festival for the first ada fellowship year started in April 2019 with the theme "Hello Future, Nice to Meet You". GROHE as well as twelve other renowned organisations such as the German Federal Government, Lufthansa, Douglas, Henkel, Telekom and Google supported the program as initiative partners.

By means of courses and online in-depth modules, the goal of the one-year programme was to promote understanding, methodology and the ability to act in fields of the most relevant future topics. 20 employees from GROHE took part. Through regular contributions on the intranet, change was further reinforced, and all general staff members could receive the ada magazine free of charge.

TALENT AND CAREER MANAGEMENT

Planning and plannability play a central role for your personal career development. That's why GROHE is not just planning for its promising talents but planning with them. Because "talent" is a combination of capacity to perform and the potential to increase it.

In order to assess the capacity and potential of its employees, GROHE carries out employee dialogues as well as regional "talent reviews", during which the respective Vice Presidents, together with their Human Resources Business Partners, present the talents in their teams to the Board. The Board reserves whole days over the entire year for a qualitative discussion. Talent management and employee advancement are important parts of the strategy and a key to success for GROHE. The early preparation of employees for future leadership positions is an important part of succession planning at GROHE. If general staff members are not prepared in due time for future leadership positions, gaps will emerge in the succession planning which could cause the brand problems in the future. For part of employees in central positions at GROHE, an in-house successor is already designated.

LEADERSHIP DEVELOPMENT

The GROHE Potential System (GPS) supports potential young executives to develop their skills in a targeted manner and to prepare themselves for a leading position. By making use of the latest findings in the field of learning psychology and its implementation in project work, course content can be matched to the personal requirements of the employees. During the programme, the junior managers meet colleagues from other departments and countries in order to exchange experiences, ideas and improve processes.

This creates dynamic interaction, which enables the employees to learn from each other on different levels. Every training module is practice orientated and the sessions are taken by experienced coaches who give feedback on the personal requirement for additional support. The collaboration in teams also improves the participants' networking capabilities as well as their intercultural skills before presenting a project that they have developed to sponsors and managers, the board and former programme participants.

The employees at GROHE are fostered in their daily work by tackling challenging tasks, not just within the framework of individual events. Because only those who are prepared to tackle challenges can surpass themself and develop their strengths. Special projects and initiatives encourage the employees to leave their comfort zone and tackle the unknown. Usually these projects relate to areas that are completely new to the employees. This allows them to develop their skills portfolio and management capabilities.

At GROHE, employee support does not end once you've attained a management position. Besides internal talent management, employees in management positions also take part in programmes such as training courses and project work that are organised by LIXIL, including courses and project work.

FEEDBACK AND DEVELOPMENT

At GROHE, every employee receives an annual performance review from his or her supervisor. The implementation of the discussion is monitored by the employee responsible in the personnel department and the Executive Board is informed in the event of non-fulfilment. In all areas, employees have the right to a regular and differentiated appraisal. Talents are emphasised and further developed, while shortcomings are worked on.

5.3.
OCCUPATIONAL HEALTH PROTECTION AND SAFETY

GROHE employees are regularly informed and educated on environmental protection and resource conservation, as well as occupational health and safety requirements because these topics are of key importance to GROHE. The brand makes a great effort to protect its employees and supports staff initiatives that lead to improvements in this area. Every accident in the workplace is subject to a precise analysis of the causes and must be reported to the Executive Board along with a detailed action plan for the prevention of similar accidents in the future. Compliance with occupational health and safety not only serves the employee, but also maintains productivity and protects against the potential risk of reputational damage due to accidents. For this reason, the topic is a fixed item on the agenda at the weekly board meeting.

SOCIAL PARTNERSHIPS FOR OCCUPATIONAL HEALTH PROTECTION AND SAFETY

At GROHE, the formal joint employer and employee committees for occupational health protection and safety are positioned at site level or plant level. This is especially the case for the administration and production sites in Germany (Düsseldorf, Hemer, Porta Westfalica and Lahr), Portugal (Albergaria) and Thailand (Klaeng). In addition, there is a General Works Council at the GROHE sites in Germany and a European Works Council for the GROHE sites in Europe. The committees are principally positioned at management level. Around 100 percent of the entire general staff are represented in formal joint employer and employee committees for occupational health and safety.

At all sites GROHE employs specialists who take charge of occupational health and safety and ensure that both the legal requirements and the in-house regulations – that sometimes exceed mandatory requirements – are fulfilled. All of this means that the individual responsible takes on an especially important role, as the large GROHE sites are traditionally the production sites. Under the guidance of these trained specialists, regular inspections, working groups and training sessions are conducted at the sites.

In the working groups, both strategic and operative topics are discussed and measures agreed. The particular relevance of the specialists in relation to content and legislation is also evident as they report directly to the plant or divisional management at local level or directly to the GROHE Executive Board at central level. From as far back as 2011, GROHE and all its production sites and logistics centres worldwide were certified according to the international standard for occupational health and safety management systems (OHSAS 18001:2007, in future ISO 45001:2018). Annual internal and external audits in the areas of occupational safety and health protection are components of this certification.

Zertifikat

Prüfungsnorm ISO 45001:2018

Zertifikat-Registrier-Nr. 01 213 1900290

Unternehmen: Grohe AG
Feldmühleplatz 15
40545 Düsseldorf
Deutschland

mit den Standorten:

Düsseldorf (D), Hemer (D), Lahr (D), Porta Westfalica (D), Albergaria-a-Velha (PT) und Klaeng (THA)

(Details gemäß Anlage)

Geltungsbereich: Design, Entwicklung, Fertigung, Handel, Vertrieb, Logistik, Distribution und Service von Sanitärarmaturen und Zubehör, Brausen-, Spül- und Installationssystemen sowie Sanitärkeramik

Durch ein Audit wurde der Nachweis erbracht, dass die Forderungen der ISO 45001:2018 erfüllt sind.

Gültigkeit: Dieses Zertifikat ist gültig vom 22.12.2020 bis 21.12.2023.
Erstzertifizierung 2011

06.01.2021

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Graphic 27: certificate for the occupational health and safety management system at GROHE

HAZARDS AND EXPOSURE

GROHE performs systematic and regular workplace-specific and job-specific risk assessments. Suitable technical, organisational or personal protective measures were installed, introduced and/or agreed with the employees, based on the local GROHE risk assessment. Qualified personnel for industrial safety, works doctors as well as psychologists and physiotherapists assist GROHE managers with this. Wherever concentrated exposure is identified, GROHE has implemented the corresponding additional programmes and measures; in respect of this, aspects related to an increase in the general staff's average age play an important role.

By changing the organisation of work, using special equipment such as height-adjustable desks, "job rotation" or performing short fitness routines before work and/or during the breaks can, for example, prevent ergonomic problems. GROHE makes the corresponding provisions for this. Besides this, in areas of concentrated exposure there are compulsory and voluntary examinations for the staff. The so-called "G" examinations (occupational health checks) are part of this in Germany.

Generally speaking, there are only a few jobs at GROHE that are associated with posing a particularly high risk of serious illnesses: for instance, electroplating requires the use of chromium VI as a potentially cancerous substance, foundry work involves the use of quartz sand, while mechanical processing in the sanding and polishing shop releases potentially harmful copper and lead dust.

Nevertheless, the company takes its responsibility for the health of its employees very seriously and implements all measures necessary to ensure that the safety of the general staff is guaranteed on a daily basis, from the first day of their traineeship until the day they retire. Employees benefit from local health and safety programmes. GROHE ensures that all legal requirements as well as its own guidelines are fulfilled; in addition, employees will always find a responsible contact person on site.

All sites have working groups or working parties that develop and implement local measures to maintain and promote health several times a year, usually with the participation of the site management, the human resources department, the works council, the company doctor, the occupational safety specialist and the representatives of the severely disabled. In addition, individual projects are regularly supported through health insurance funds.

Graphic 28: during the production process, e.g. after galvanisation, the taps are thoroughly checked to ensure their quality

PROMOTING EMPLOYEE WELL-BEING

Under the GROHExcellence and GROHEfficiency training programmes **(see Section 5.2)**, the brand offers various training courses at its German sites designed to improve health and safety. However, every member of the general staff is also responsible for their own health. A seminar on the topic "Health-Orientated Leadership" deals with precisely this topic. GROHE can only maintain safe and sustainable workplaces if every single manager in the brand takes the lead by setting a good example and emphasising the importance of general staff well-being. To promote the health of employees, GROHE offers a lower-cost rental option for e-bikes. Throughout Germany by the end of the 2020 financial year, 184 leasing contracts for e-bikes had been signed, always with a term of three years. The beginning of the pandemic in spring 2020 saw a further increase in demand from general staff. In Hemer, e-bikes can be parked and charged at our own charging stations. In 2020, a new bicycle parking facility was built in Düsseldorf. During 2019 and 2020, employees of the Düsseldorf headquarters took part in the "Stadtradeln" (city cycling) campaign. The aim of the campaign is to cover as many kilometres as possible by bicycle within a defined period of time as well as to cycle to and from the office and on weekends.

Once a year, in an entertaining atmosphere, GROHE organises a "Health and Safety Day" at all its sites to raise awareness among employees about all the important health and safety issues.

A health week was held for the first time at the Hemer plant site in February 2020 in cooperation with the health insurance provider KKH. A total of 233 employees participated in the event. The KKH had four employees on site and offered hands-on activities and discussions, both in groups and individually, on topics such as "Hand Strength Measurement", "Fit with the TheraBand", "Fascia – Fascinating Connective Tissue", "Lightning Relaxation" or even "Stress and Lung Function Tests".

Graphic 29: GROHE offers rental contracts for e-bikes

GROHE SUSTAINABILITY OBJECTIVES: LOST TIME DAYS

Within the context of the GROHE Sustainability Objectives 2014 – 2021, GROHE has set itself the goal of gradually reducing the number of lost time days (LTD) due to accidents by 60 percent. Here GROHE is well on track, though there are fluctuations caused by a few longer absences and therefore the overall trend must be observed.

Over the past few years, the development of the key indicator has been as follows:

Lost time days		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Sustainability target	%	Base year	–8.57%	–17.14%	–25.71%	–34.28%	–42.85%	–51.42%	–60.00%
	LTD	1460	1335	1210	1085	959	834	709	584
Result	LTD	1460	1618	771	424	761	1044	552	399
	%	-	+10.82%	–47.19%	–70.96%	–47.88%	–28.50%	–62.20%	–72.67%

Table 17: GROHE Sustainability Objectives: lost time days due to accidents

ACCIDENTS WITH LOST TIME DAYS

GROHE will endeavour to prevent all accidents and is pledged to the "Zero Accident" philosophy. As lead indicator for the improvement of occupational safety, the number of lost time days (Lost Time Incident, LTI) is monitored. During the period between 2014 to 2020, there were no days lost due to deaths in the workplace.

Over the past few years, the development of the key indicator has been as follows:

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Lost Time Incidents (LTI)	Employees	64	62	38	16	18	26	17
	Contractors	27	27	20	8	9	9	5
	TOTAL	91	89	58	24	27	35	12
Accidents with days lost per 1 million working hours/Lost Time Incident Frequency Rate (LTIFR)	Employees	7.51	8.43	4.96	2.06	2.22	2.87	1.28
	Contractors	44.56	41.59	32.88	10.25	8.25	10.52	4.86
	TOTAL	9.98	11.12	7.01	2.81	2.94	3.44	1.64

Table 18: accidents with lost time days

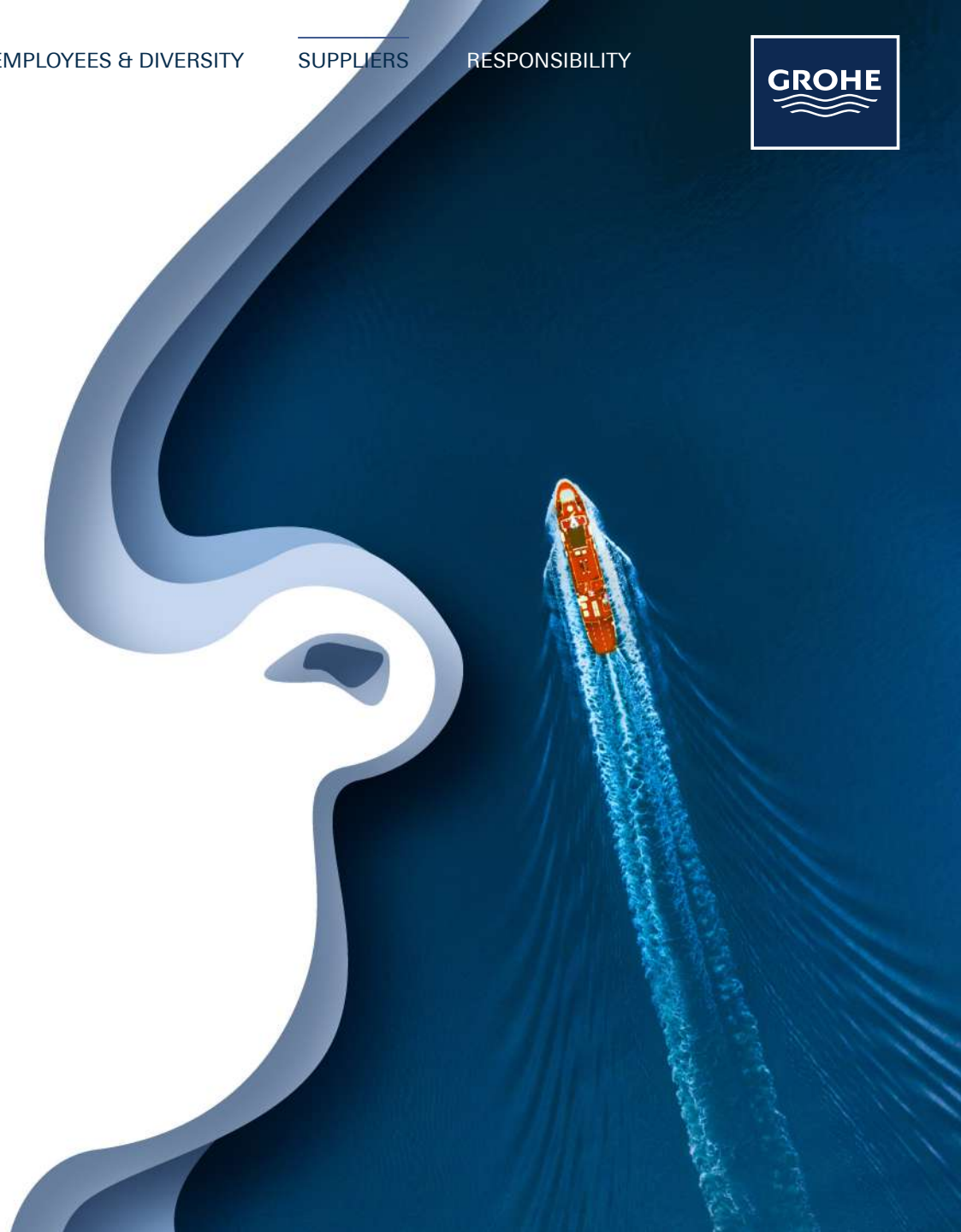
SUPPLIERS

6. SUPPLIERS

The aim of becoming one of the most sustainable manufacturers of bathroom solutions and kitchen taps in the world cannot be achieved by GROHE alone, but depends on reliable partners. As such, the brand also integrates its efforts to drive resource conservation in collaboration with its global supply network and is mindful of compliance with human rights and fair competition in the supply chain. These aspects were defined as priorities in the materiality process as well. In **Section 6.1,** GROHE's principal approach to sustainable supply chain management is described.

A continued risk in the globalised work environment has been the lack of compliance with basic human and labour rights throughout the value creation networks. GROHE's stakeholders expect that the brand's value canon on these issues will be enforced along the supply chain as well. GROHE also assumes this responsibility out of its own conviction. This approach is described in **Section 6.2.** .

An important precondition for sustainable development which benefits everyone is fair competition. Dishonest practices such as corruption, bribery or theft cause significant damage to developing countries every year.[7] The GROHE supply chain approach to anti-corruption and anti-competitive behaviour is described in **Section 6.3.**.

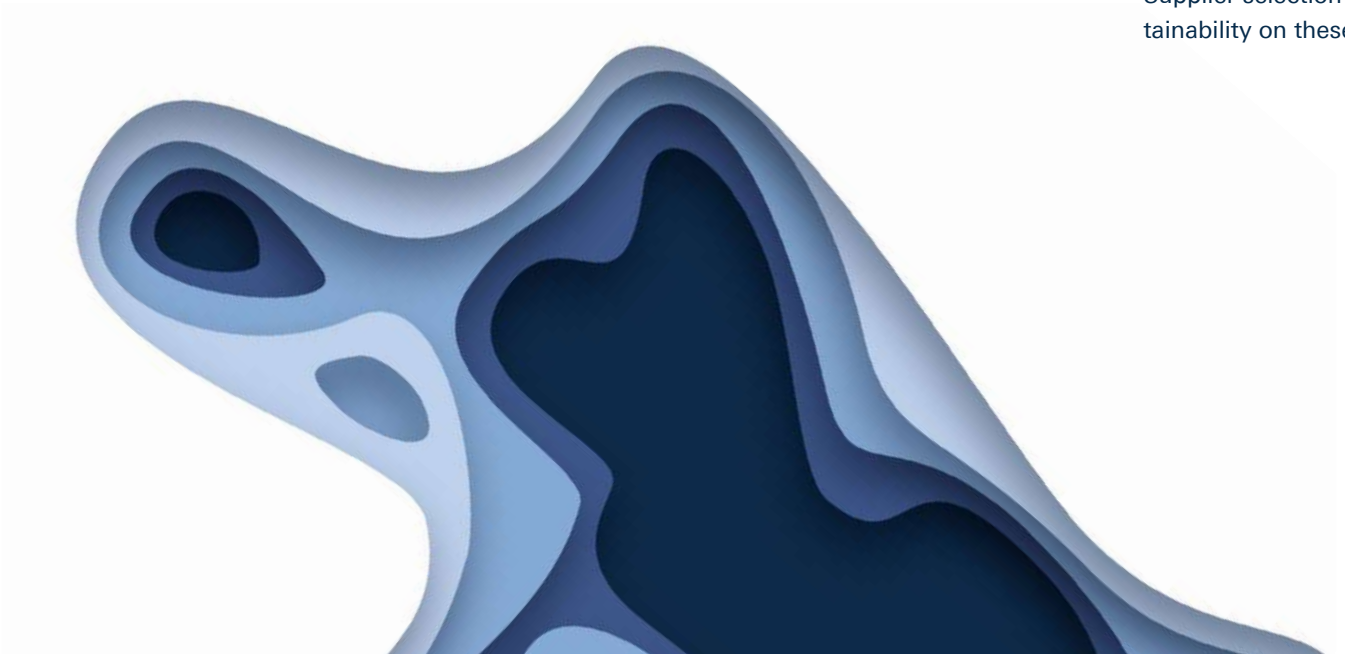


[7] *UN SDG 16 – Facts & Figures (Link): approximately US$ 1.26 billion annually.*

6.1.
SUSTAINABLE SUPPLY-CHAIN MANAGEMENT

Because of the complexity and global orientation of supplier networks, working on sustainability issues such as respect for human rights, environmental protection and anti-corruption is an important but also challenging task for all globally active companies.

In order to implement sustainable aspects in the supply chain, GROHE has established a sustainable supply-chain management system. The brand regularly analyses the sustainability impacts, derives appropriate measures and verifies their effectiveness. In doing so, GROHE views its suppliers and service providers as partners, not least in the areas of environmental protection and resource conservation, as well as occupational health and safety. Measures for improvement are both demanded and promoted by GROHE.



REQUIREMENTS IN THE SUPPLY CHAIN

There is a three level approach to sustainable supply-chain management at GROHE:

- behavioural requirements are set out in the GROHE Supplier Code of Conduct and the GROHE Formal Statement of Obligations for Suppliers and Service Providers.
- For example, process-oriented requirements are specifications regarding the quality of production processes that are documented in corresponding certifications (e.g. in certifications according to ISO 9001 for quality, ISO 14001 for environment, ISO 45001 for occupational health and safety or according to ISO 50001 for energy).
- Product and service-orientated requirements: in component and material specifications, GROHE also incorporates sustainability aspects into environmental and work safety criteria when selecting suppliers.

Supplier selection is generally linked to availability, quality and price as well as the adherence to sustainability on these three levels.

LOCAL PROCUREMENT IMPLEMENTED GLOBALLY

Local suppliers are an important component of GROHE's sustainable procurement strategy. When selecting suppliers, GROHE defines the term "local" as the country in which the production site is located. The definition "main business sites" results from this. These are the brand's international plant locations (Hemer, Lahr, Porta Westfalica in Germany, Albergaria in Portugal and Klaeng in Thailand). All plants and the headquarters are merged in terms of data. However, there may be legal or business-related limits for the local procurement of production materials or services.

Production Materials, Facilities, Operating Resources (Direct)
GROHE products are subject to different national statutory drinking water regulations worldwide. This means it is possible that the availability of certain components and materials, such as adhesives with drinking water approval, depends on special approval or certification criteria of production sites or facilities, which are only achieved with suppliers at certain production sites in the world.

Procurement of machinery, systems and equipment also takes place in close and systematic coordination with the environmental management officer, the safety management officer and energy management officer, so that the corresponding aspects can be taken into account in due time.

Durability, occupational safety, ergonomics, environmental compatibility, consumption of auxiliary and operating materials, energy and water consumption, quantity and recyclability of waste as well as emissions are essential criteria that must be taken into account.

As regards hazardous substances, it must first be ensured that only substances approved by GROHE are ordered and delivered, that a risk assessment and operating instructions are drawn up and a register of hazardous substances kept to make the handling of such substances as safe as possible for the employees. In addition to this, handling and storage requirements must be observed and employees properly trained before the operation.

The procurement of hazardous substances takes place in close co-operation with environmental protection and work safety functions of the respective GROHE sites.

Services (Indirect)
A large proportion of the services at production sites that are related to the installation, repair, maintenance and servicing of buildings, machines, systems and respective facilities are sourced locally or regionally by GROHE. If there are special requirements, it may be necessary to contract maintenance, repairs or conversions across national borders since there may not be any appropriate service providers available locally, regionally or nationally. This can, for example, affect special machines that come from abroad.

For certain services, such as the maintenance of facilities for handling substances hazardous to water or substances damaging to the climate or ozone layer, legal requirements are in place regarding the qualification of the service provider and their employees, which also limits their availability.

Services required for the disposal or recycling of waste are usually commissioned locally as it is normally performed nationally. In some cases, where no high-quality processing infrastructure is available, there may be cross-border transportation. In order to forestall illegal (hazardous) waste disposal practices, independent procedures for worldwide auditing and approval of disposal services have been developed.

ENVIRONMENTAL AND SOCIAL STANDARDS IN THE SUPPLY CHAIN

Obligate Suppliers

GROHE has determined rules and regulations for the assessment of suppliers that also contain ecological and social aspects. Human rights are included therein. The LIXIL Supplier Code of Conduct is used by GROHE to obligate all global suppliers to comply with ecological and social standards. In doing so, the code takes up the conventions of the International Labour Organisation (ILO) and considers aspects such as human rights, health and safety and the environment. Furthermore, GROHE requires its suppliers to use fair business practices and to comply with applicable data protection laws and regulations. The Code of Conduct for suppliers was adapted in 2018: it now states that suppliers must prohibit corruption and comply with legal working hours and minimum wage requirements. Simultaneously, it is required that suppliers demand equivalent standards from their subcontractors. Since 2010, GROHE has only worked with suppliers who have agreed in writing to comply with the requirements of the LIXIL Supplier Code of Conduct (formerly GROHE Supplier Code of Conduct). GROHE also accepts participation in equivalent, recognised industry association solutions or membership of the UN Global Compact. To date, over 1,050 suppliers have committed to the LIXIL Code of Conduct. As of 1st April 2019, a contract management system was introduced. The countersigned LIXIL Supplier Code of Conduct is also deposited here. Buyers have access to all documents and can identify whether they are up to date: 85 percent of all documents are already stored there.

In order that service providers can operate at one of the worldwide sites, they must accept the GROHE Formal Statement of Obligations for Suppliers and Service Providers and thereby comply with the provisions relating to social standards, occupational safety, health and environmental protection, traffic safety and data protection.

Since 2015, the supplier selection process at GROHE has been controlled by a supplier portal. Suppliers can apply here or new suppliers can be requested to register by the purchaser responsible. As part of this selection process, every supplier must fill in a questionnaire electronically, which also contains questions on environmental and occupational safety, the Supplier Code of Conduct and the Formal Statement of Obligations for Suppliers and Service Providers so that everything is traceably documented. All new suppliers are obliged to register using this process. Existing suppliers will also be successively requested to register on the portal.

GROHE also actively involves its suppliers in this process: At the end of 2018, a CSR questionnaire was added to the supplier management system. This helps to work jointly with the suppliers on compliance with the CSR guidelines. It contains items from the areas of CSR management, fair business, human rights, working conditions, occupational health and safety, environmental protection and contribution to society. Most recently in March 2020, 128 suppliers (approx. 83% of the purchasing volume) were asked to complete the questionnaire. In total, 122 suppliers replied with positive feedback. The questions were evaluated and incorporated into an overall scoring. If a supplier did not attain a certain score (> 60 percent), follow-up development measures were agreed upon. In case a supplier did not respond, they received a reminder and were subsequently contacted personally. This process proved particularly positive, resulting in all suppliers who completed the supplier questionnaire meeting the minimum score. The CSR questionnaire will also be initiated in the 2021 financial year as part of an ongoing process: 160 suppliers will be contacted and asked to complete the questionnaire. Over 90 percent of the direct purchasing volume is accounted for by these 160 suppliers. In order to incorporate the importance of sustainability for GROHE in supplier management, the outcome of the CSR questionnaire will become part of the future supplier evaluation.

Also requested are certificates, e.g. for environmental, safety, occupational health and safety and energy management. Unless certificates are provided, the position on the above-mentioned areas must be stated. The findings from the digital supplier portal have a direct impact on the supplier rating and help to assess and develop suppliers in terms of sustainability.

Systematic Checking of Compliance

GROHE Supplier Quality Management audits and assesses all new suppliers in regards of their quality of products and environmental and social standards. Aspects of human rights belong to the social standards. Existing suppliers will be re-audited at regular intervals. All deviations are documented, signed off by both parties and corrected by way of entering into target agreements. Breaches of the Supplier Code of Conduct will be checked in detail and corrective measures initiated as required.

During the 2019 audit year, GROHE conducted approx. 40 system audits, in the course of which ecological and social criteria were examined. Within the framework of these audits, all new suppliers of production materials were checked. No potentially negative or actual discrepancies relating to ecological or social criteria were found.

In addition to the audits, GROHE suppliers are subject to an annual standardised supplier review, which is described in detail in a procedural instruction. Alongside quality, logistics and purchasing aspects, aspects of the environmental management system as well as safety and occupational health management are queried here. GROHE covers 80% of the global procurement volume for production material with these assessments. In the indirect sector (services), all suppliers with a procurement value over €500,000 are assessed. In addition, other strategic and success-critical suppliers are included in the assessment in both areas.

Since 2017, GROHE has been running the "Conflict Minerals" project to ensure that suppliers exclusively use materials from sources declared as conflict-free. Conflict minerals are defined as ores for the extraction of tin, tantalum, tungsten and gold that originate from conflict areas. More than 411 relevant suppliers were required to complete the "Conflict Mineral Reporting Template". The return rate covers approximately 92 percent of the procured volume of production material. GROHE will continue to carry out the processes already implemented, follow up on system audits and, if necessary, further develop suppliers with regard to sustainability.

6.2.
HUMAN RIGHTS IN THE SUPPLY CHAIN

GROHE respects human rights and strives to uphold and promote them everywhere the brand conducts business. Respecting and promoting human rights throughout the entire value chain is a matter of principle for GROHE. In this way, the LIXL Group/GROHE human rights principles are based on international standards of the ILO and the UN.

EMBED AND REVIEW HUMAN RIGHTS IN THE SUPPLY CHAIN

GROHE expects not only its own general staff members, but also its business partners, including suppliers and distributors, to respect and not to violate human rights.
>> For more about respect for human rights at GROHE, see the Chapter "Organisation of Sustainability Management at GROHE".

The requirements regarding human rights in the supply chain are anchored in the GROHE Supplier Code of Conduct. Consequently, when environmental and social standards are audited, human rights are also checked. GROHE thus checks all new suppliers of production materials for observance of human rights.

GROHE, as part of LIXIL, identifies, avoids and mitigates negative human rights impacts through its human rights due diligence process. Although GROHE may have indirectly contributed to such consequences, GROHE is committed to remedying these negative effects through legitimate procedures.

Within the context of the "LIXIL GROUP Human Right Principles", which apply to all LIXIL brands, the corporate vision of LIXIL as well as the commitment and approach are defined.
>> More details can be found here.

LIXIL established the "Human Rights Due Diligence Task Force" in 2018, comprising members from various departments, including Corporate Responsibility, Human Resources and Compliance. As a globally operating company, the goal is to strengthen and ensure strict compliance with human rights due diligence processes. Going forward, the scope of these processes will be extended to the entire group and performance will be reported transparently.

6.3.
ANTI-CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR IN THE SUPPLY CHAIN

Anti-corruption and competitive behaviour is a fundamental topic for GROHE and affects our own organisation in exactly the same way as it does the supply chain.

VERIFICATION OF SUPPLIERS

By signing up to the LIXIL Supplier Code of Conduct, suppliers pledge to adhere to the requirements relating to anti-corruption and anti-competitive practices. This is monitored by checking the environmental and social standards in the supply chain. All GROHE suppliers receive the LIXIL Code of Conduct, whereby the explicit endorsement rate is 94 percent in high-wage countries and 98 percent in low-wage countries. LIXIL's Code of Conduct covers 88 percent of direct supply and 66 percent of indirect supply.

TRADE COMPLIANCE AT GROHE

GROHE summarises the compliance with all legal regulations and internal guidelines in connection with the transport of goods for international trade under the term Trade Compliance. After designating a Trade Compliance Officer in 2012 and implementing global structures and procedures, GROHE has been certified according to AEOF and is therefore considered an Authorised Economic Operator (AEO).
>> For more on the implementation within the organisation using the GROHE Compliance System, see the chapter "Organisation of Sustainability Management at GROHE".

RESPONSIBILITY

7. SOCIAL **ACCOUNTABILITY**

Social responsibility is an important element of GROHE's sustainability strategy. This is why GROHE maintains open and constructive dialogue with all interested sections of the public and promotes activities and measures that contribute to environmental protection, the conservation of resources, the improvement of occupational health and safety and the improvement of the living conditions of socially disadvantaged people.

7.1. GROHE'S SOCIAL COMMITMENT

At the heart of sustainability there’s a feeling of responsibility; a responsibility that extends organically from the environment and the individual to society as a whole. Alongside social and societal responsibility, the various aspects of responsibility range from customer service to resource-saving technologies and production processes. The brand is also involved in many areas that do not form part of its core business, but do foster the well-being of people and society as a whole. These commitments also centre on a responsible economy that serves people and society.

GLOBAL AND LOCAL SUPPORT

The brand's social responsibility extends in particular to disadvantaged societies. For this reason, GROHE, together with its general staff members, actively supports global and local projects to improve social conditions.

Free Training within the GROHE Dual Tech Programme
One of the best examples of GROHE's social commitment is the award-winning GROHE Dual-Tech programme: Since 2009, GROHE has been working with the NGO Don Bosco Mondo e. V. to train socially disadvantaged people between the ages of 17 and 25 to become skilled sanitation workers, not only in the Philippines, but also in Mumbai and Delhi (India); in this way they're able to offer them secure perspectives for the future.

The original idea for the social project in India was developed by young GROHE manager trainees during an advanced training course. It was clear from the start that GROHE wanted to offer the academy more than just financial support; many GROHE general staff members also volunteered to help out personally. They even travelled to India on their holidays to pass on their expertise.

The GROHE Dual Tech apprenticeship programme has so far trained 1,200 young people as sanitary technology specialists. Thereby, the brand not only enables graduates to have good perspectives for the future, but also contributes to the shortage of skilled workers and therefore improves the living situation of many local people. Especially where there is a lack of drinking water pipes, sanitary facilities, hygiene measures and health care, sanitation experts are in particularly high demand. Therefore, this aid project also contributes to the fulfilment of the UN's Sustainable Development Goals and in particular Goal 6, "Clean Water and Sanitation". The project claimed first place in the "Innovation Competition for Professional Training in Developing Countries" of the German Federal Ministry for Economic Cooperation and Development.

Each site ensures that their degrees have the respective national recognition; added to this comes the desirable international expertise of GROHE and its business partners. Since they graduate with a recognised certificate, these young plumbers do not depend on their cooperation companies after they've completed their training, but can also apply for jobs at other companies. Alongside the annual programmes, GROHE Dual Tech also offers short-term courses for training as an assistant plumber as well as further training courses with market-oriented modules for young professionals from construction and plumbing companies. To ensure the quality standard, instructors receive further qualified training with measures, such as "Train the Trainer". Regular visits by GROHE general staff members for personal conversations as well as the use of GROHE materials and training aids round off the programme.

Graphic 30: graduate of the GROHE Dual Tech training programme

Most recently for the first time, 43 graduates of the GROHE Dual Tech training course were awarded the internationally recognised "Installer Certificate" in November 2019. At the same time, the public toilet built with their help was presented to the parish on the Don Bosco campus. In doing so, they not only showed their craftsmanship, but also their social commitment. In this way, they sustainably improved the hygiene conditions for the numerous visitors and community members.

Turn Water into Food

In the Kingdom of Saudi Arabia, GROHE first launched the "Turn Water into Food (TWIF)" project in 2015. In cooperation with foundations, the initiative distributes food to disadvantaged people who have gathered in front of mosques. This unique idea is based on transforming into food the water that is saved by furnishing mosques with self-closing faucets. To date, the project, which was initiated not only in Saudi Arabia but also in Turkey, Egypt and Jordan, has provided more than 2,360 families with a meal.

Graphic 31 (left): the graduates' final project – a public toilet for the local Don Bosco parish

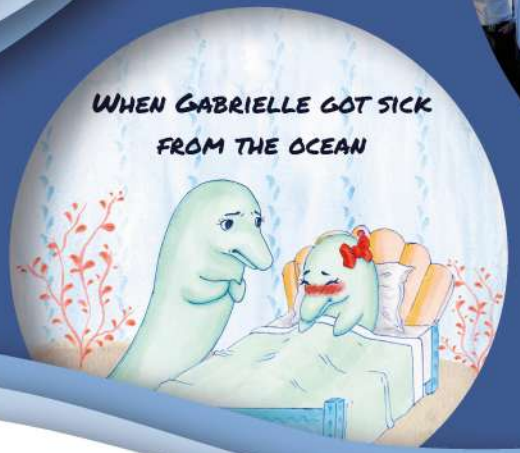
Graphic 32 (right): "Turn Water into Food"– this initiative distributes food to disadvantaged people

LIXIL Community Day

The LIXIL Community Day has been held every year in the month of October since 2017. These are group-wide employee commitment days supported by all LIXIL brands. In its first year, the initiative had about 3,500 employees from 15 countries with 70 different community projects. By 2019, the number of participants had grown rapidly, reaching 15,000 employee in 33 countries with nearly 100 projects counted by October 2019. Each activity carried out during the LIXIL Community Day relates to one of the three pillars of the LIXIL sustainability strategy. In this way, general staff members registered as potential stem cell donors against blood cancer with the DKMS, carried out cleaning campaigns on beaches, parks or river banks, supported the "Christmas in a Shoebox" aid project or helped out at the local food banks.

Graphic 33: LIXIL Community Day 2019

A special initiative within the context of the LIXIL Community Day is the "Bottle-Free Zones" project. This involves GROHE launching an application phase for all employees to donate GROHE Blue water systems to nurseries, clubhouses or sports facilities that the employees privately support.



Graphic 34: the "Bottle-Free Zones" initiative as part of the LIXIL Community Day

Graphic 35: a self-written as well as drawn children's book on the topic of "Pollution of the Oceans"

Graphic 36: in Copenhagen, the GROHE team read their book to nurseries

GROHE covers the purchase and installation costs, while the GROHE employee acts as a sponsor for the water system. This way, 15 nurseries and clubhouses have already been equipped with the GROHE Blue plastic bottle-saving water system.

An important component of the LIXIL Community Day is the education on sustainability: according to the theme "Safeguarding Pure Water for Future Generations", the Danish team from GROHE has published a children's book. It informs nursery aged children about why it's important to take care of the oceans and how to reduce plastic waste. 18,000 copies were distributed to 230 kindergartens in Scandinavia.

Another initiative GROHE is supporting as part of the four-week LIXIL Community Days is "Make a Splash! Toilets for All". UNICEF, the world's leading children's charity, and LIXIL have joined forces in 2018 to give disadvantaged children access to safe as well as clean toilets. With the initiative "Make a Splash! Toilets for All", the two organisations are using their complementary strengths to work together towards one of the UN sustainable development goals: the access to adequate and equitable sanitation and hygiene for all and the end of open defecation by 2030.

In many countries, this sanitation crisis is having a devastating impact on public health. Over 700 children under the age of five die every day from diarrhoeal diseases resulting from poor access to clean drinking water and sanitation. It also reduces educational opportunities for children, for example, important school days are lost due to water and hygiene-related diseases as well as the lack of adequate sanitation facilities in schools. Under the SATO brand, LIXIL offers a unique range of products manufactured specifically for underserved communities: affordable and easy to install, the SATO toilet system has an automatic closing trap door to keep out odours and insects. A small amount of water (0.2 to 1 litre) opens up the trap door to prevent contamination. SATO strives to be a self-sustaining social enterprise by establishing a local "Make, Sell, Use" cycle in its community, creating jobs and enabling local manufacturers and stakeholders to carry on business independently. This enables a country to continuously improve its own sanitation over time.

GROHE also generated donations during the LIXIL Community Day for "Make a Splash! Toilets for All" by initiating cake sales in the canteens of the individual plants as well as the headquarters. In the future, GROHE plans to generate further donations for the initiative through sales campaigns.

Graphic 37 (left): SATO is an affordable and easy-to-install toilet system

Graphic 38 (right): cake sales generate funds for "Make A Splash! Toilets for All"

COOPERATION WITH THIRD PARTIES

In 2018, GROHE initiated the "Less Plastic Initiative" (see Page 61) to tackle the existing environmental impact of plastic waste. The vision of clean water through plastic waste reduction also links the brand to **everwave** (previously called **Pacific Garbage Screening, PGS):** Together with an interdisciplinary team of natural scientists, engineers and marine biologists, Marcella Hansch, who studied architecture, is working on her project to develop a water platform that will collect plastic waste in rivers before it damages the ecosystems in oceans and rivers. Since October 2019, GROHE supports everwave: both want to join forces to draw the public's attention to the global plastic problem and to future-oriented solutions. In this way, GROHE, together with the NGO, raises awareness of how everyone can contribute to more sustainability in the form of advice on how to reduce plastic in everyday life, for example. We also plan to use everwave's "EmergenSEA Kit" in Germany in the future: the educational kit offers the possibility to work on the topics of oceans, plastics and resource protection with school classes in an interdisciplinary way. It includes classic worksheets, but also many educational games and instructions for suitable experiments to experience and learn with all the senses.

PGS support promotes LIXIL's 2nd strategic sustainability pillar: **saving water and sustainable environmental protection** (see Page 52).

Graphic 40: EmergenSEA Kit – an environmental education kit for schools

Graphic 41: the CollectiX waste collection boats have been in operation since 2020

Graphic 39: since October 2019, GROHE has been supporting the NGO everwave

FUND-RAISING CAMPAIGNS

During the reporting period, GROHE supported local associations, such as the **Flaschenkinder e. V.** association in Hemer, an initiative that cares for children whose parents have alcohol-dependency problems. In this way, the association received donations that had been collected at the company's internal sports event "GROHE Cup" and were doubled by the Board of the Executive Directors.

Furthermore, GROHE initiated the so-called "Christmas Wishes Campaign" for the first time in 2018. Christmas wishes of children from the **Flaschenkinder e. V.** and **Froschkönige gegen KinderArmut e. V.,** associations in Düsseldorf, were fulfilled by GROHE employees. This campaign was successfully repeated in 2019; apart from the associations already named, gifts were also donated for the benefit of the **DRK-Elsa-Brandström-Jugendhilfe,** Porta Westfalica.

Graphic 42 (left): handing over a donation to the association Flaschenkinder e. V.

Graphic 43 (right): since 2018, the annual Christmas wishes campaign has been held in favour of needy children

APPENDIX

ABOUT THIS REPORT

In its third sustainability report, GROHE provides information on the economic, ecological and social impacts of its business operations for the years 2018/2019/2020. In the financial year 2018, GROHE expanded its shareholding structure by acquiring the remaining 50 percent of the shares of the two previous joint venture companies Grome Marketing (Cyprus) Limited, Cyprus, including its subsidiaries, and Grome İç ve Dış Ticaret Anonim Şirketi, Turkey. In this context, GROHE Saudi Arabia Limited, Kingdom of Saudi Arabia, a distribution company in the Kingdom of Saudi Arabia, was acquired. Within the same financial year, GROHE sold its North American subsidiaries GROHE America Inc. and GROHE Canada Inc. to an American group sister company from the American Standard Group, USA, as part of the LIXIL-wide effort to build regional structures.

Effective 11th July 2019, Mr Thomas Fuhr was appointed Chairperson of the Executive Board by the Supervisory Board of GROHE AG. Effective 17th July 2019, Mr Jonas Brennwald was appointed Deputy Chairperson of the Executive Board by the Supervisory Board of GROHE AG.

This report has been prepared in accordance with the GRI standards: "Core" option created. This is the third sustainability report that GROHE has published. The last report was published in 2018. On the basis of this report, in the future reporting shall take place every two years. An external audit of the content has not yet been carried out but cannot be ruled out for future reports.

To improve legibility, the personal designations used in the German original text are in the masculine form but the feminine or gender-neutral form is always implied as well.
Example: "Mitarbeiter" → "Mitarbeiterin".

Some of the desired data cannot be furnished currently due to the LIXIL-wide reorganisation for ascertaining personal-key indicators (e.g. country-specific data on gender, number of employees, worldwide remuneration analyses etc.). However, this will be the case once the reorganisation and introduction of corresponding analysis tools has been completed.

GRI CONTENT INDEX

GRI MATERIALITY DISCLOSURES SERVICE 2021

For the Materiality Disclosures Service, GRI verified the existence of the GRI content index and the references of the GRI statements 102-40 to 102-49 to the corresponding sections of the sustainability report. The GRI service was carried out in the German version of the sustainability report.

GRI STANDARD	DISCLOSURE	PAGE	ADDITIONAL INFORMATION AND OMISSIONS
GRI 101: BASICS 2016			
GRI 102: GENERAL DISCLOSURES 2016			
	ORGANISATION PROFILE		
	102-1 Name of the organisation	11	
	102-2 Activities, brands, products and services	10-11	
	102-3 Headquarters of the organisation	9	
	102-4 Operating sites	9	
	102-5 Ownership structure and legal form	11	
	102-6 Markets supplied	13	
	102-7 Size of the organisation	12,14	
	102-8 Information on general staff members and other staff	14	Omission for country-specific data: no information available (see also explanation on Pg. 98)
	102-9 Supply chain	15-16	
	102-10 Significant amendments in the organisation and its supply chain	98	
	102-11 Precautionary approach or precautionary principle	31	
	102-12 External initiatives	32	
	102-13 Membership in associations and interest groups	17	

GRI STANDARD	DISCLOSURE	PAGE	ADDITIONAL INFORMATION AND OMISSIONS
	STRATEGY		
	102-14 Declaration of the highest decision-maker	5-6	
	ETHICS AND INTEGRITY		
	102-16 Values, principles, standards and behavioural norms	19-23	
	CORPORATE MANAGEMENT		
	102-18 Management structure	29-30	
	102-19 Delegation of powers	30	
	102-20 Board-level responsibility for economic, environmental and social issues	30	
	INTEGRATION OF STAKEHOLDERS		
	102-40 List of stakeholder groups	34	s. "2.4 Selection and dialog with relevant stakeholders"
	102-41 Collective agreements	14	s. "Employees"
	102-42 Stakeholder identification and selection	34	s. "2.4 Selection and dialog with relevant stakeholders"
	102-43 Approach to stakeholder involvement	35	s. "Dialog with stakeholders"
	102-44 Important topics and concerns raised	35	s. "Dialog with stakeholders"
	PROCEDURE FOR REPORTING		
	102-45 Entities included in the consolidated financial statements	107	s. "Essential companies of GROHE Holding GmbH"
	102-46 Procedure for determining the report content and the delimitation of topics	26-27	s. "Materiality process 2020 and selection of report content" and "Graphic 11: GROHE materiality matrix 2020"
	102-47 List of essential topics	26	s. "Materiality process 2020 and selection of report content"
	102-48 Redisplay of information		No redesigns were required.
	102-49 Amendments to reporting	26	s. "Materiality process 2020 and selection of report content"

GRI STANDARD	DISCLOSURE	PAGE	ADDITIONAL INFORMATION AND OMISSIONS
	PROCEDURE FOR REPORTING		
	102-50 Reporting period	98	
	102-51 Date of the last report	98	
	102-52 Reporting cycle	98	
	102-53 Contact person for questions about the report	108	
	102-54 Declaration on the reporting in accordance with the GRI standards	98	
	102-55 GRI Content Index	99-106	
	102-56 External review	98	

HIGHLY ESSENTIAL TOPICS

	RAW MATERIAL, MATERIAL CONSUMPTION & WASTE		
GRI 103:	103-1 Explanation of the essential topic and its delimitation	56	
Management Approach 2016	103-2 The management approach and its components	56-61	
	103-3 Assessment of the management approach	56-61	
GRI 301: Materials 2016	301-1 Materials used based on weight or volume	56	
	301-2 Recycled base materials used	56-59	
GRI 306: Wastewater and Waste 2016	306-2 Waste by type and disposal method	62	
	LONGEVITY OF THE PRODUCTS		
GRI 103: Management Approach 2016	103-1 Explanation of the essential topic and its delimitation	40, 50	
	103-2 The management approach and its components	50	

GRI STANDARD	DISCLOSURE	PAGE	ADDITIONAL INFORMATION AND OMISSIONS
	LONGEVITY OF THE PRODUCTS		
GRI 103: Management Approach 2016	103-3 Assessment of the management approach	50	
Own indicator	Warranty period and availability of replacement parts	50	
	GREENHOUSE GAS EMISSIONS & CLIMATE CHANGE		
GRI 103: Management Approach 2016	103-1 Explanation of the essential topic and its delimitation	40, 55	
	103-2 The management approach and its components	42-43, 65-69	
	103-3 Assessment of the management approach	43, 67, 70	
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	70	
	305-2 Indirect energy-related GHG emissions (Scope 2)	70	
	305-4 GHG intensity	67	
	WATER USAGE		
GRI 103: Management Approach 2016	103-1 Explanation of the essential topic and its delimitation	40	
	103-2 The management approach and its components	41-43, 45-49, 63	
	103-3 Assessment of the management approach	43, 49, 63	
Own indicator	Share of EcoJoy products	44	
GRI 303: Water 2016	303-1 Water abstraction by source	64	For comparability of data over the life of the GROHE Sustainability Objectives and due to the pandemic-related delay in the publication date of this report, information was collected and presented according to GRI 303: Water 2016. A change to GRI 303: Water and Sanitation 2018 is planned for the next report.

GRI STANDARD	DISCLOSURE	PAGE	ADDITIONAL INFORMATION AND OMISSIONS
	ENERGY USE		
GRI 103: Management Approach 2016	103-1 Explanation of the essential topic and its delimitation	65	
	103-2 The management approach and its components	66, 68	
	103-3 Assessment of the management approach	66	
GRI 302: ENERGY 2016	302-1 Energy consumption within the organisation	66	
	302-3 Energy intensity	66	
	HUMAN RIGHTS IN THE SUPPLY CHAIN		
GRI 103: Management Approach 2016	103-1 Explanation of the essential topic and its delimitation	83	
	103-2 The management approach and its components	87	
	103-3 Assessment of the management approach	87	
GRI 412: Review of Compliance with Human Rights 2016	412-2 Training for employees on human rights policies and procedures	38	
	414-1 New suppliers assessed against social criteria	86	
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GRI 103: Management Approach 2016	103-1 Explanation of the essential topic and its delimitation	36, 88	
	103-2 The management approach and its components	36-37, 88	
	103-3 Assessment of the management approach	37-38	
GRI 205: Fight Against Corruption 2016	205-1 Operating sites audited for corruption risks	38	
	205-3 Confirmed incidents of corruption and the measures taken	38	
GRI 206: Anti-Competitive Behaviour 2016	206-1 Legal proceedings based on anti-competitive behaviour, anti-trust and monopoly formation	38	
GRI 308: Environmental Assessment of Suppliers 2016	308-1 New suppliers assessed against environmental criteria	86	

GRI STANDARD	DISCLOSURE	PAGE	ADDITIONAL INFORMATION AND OMISSIONS
	CUSTOMER HEALTH AND SAFETY		
GRI 103: Management Approach 2016	103-1 Explanation of the essential topic and its delimitation	40	
	103-2 The management approach and its components	51	
	103-3 Assessment of the management approach	51	
GRI 416: Customer Health and Safety 2016	416-1 Assessing the impact of different product and service categories on health and safety	51	
	416-2 Violations in relation to the impact of products and services on health and safety	51	
	DIVERSITY & DEMOGRAPHICS		
GRI 103: Management Approach 2016	103-1 Explanation of the essential topic and its delimitation	40, 73	
	103-2 The management approach and its components	52-53	
	103-3 Assessment of the management approach	53, 73	
Own indicator	Products that conform to the LIXIL Universal Design Policy	53	
GRI 405: Diversity and Equal Opportunities	405-1 Diversity in supervisory authorities and among employees	73	

ADDITIONAL RELEVANT TOPICS

GRI STANDARD	DISCLOSURE	PAGE	ADDITIONAL INFORMATION AND OMISSIONS
	OCCUPATIONAL SAFETY AND HEALTH		
GRI 103: Management Approach 2016	103-1 Explanation of the essential topic and its delimitation	72	
	103-2 The management approach and its components	77	
	103-3 Assessment of the management approach	78, 80	
GRI 403: Occupational Safety and Health Protection 2018	403-1 Management system for occupational safety and health protection	77	
	403-2 Hazard identification, risk assessment and incident investigation	78	
	403-3 Occupational health services	78	
	403-4 General staff member participation, consultation and communication on occupational health and safety	78	
	403-5 General staff training for occupational safety and health protection	79	
	403-6 Promoting the health of general staff members	79	
	403-7 Avoidance and mitigation of occupational health and safety effects directly related to business relations		Omissions: not applicable. The risk analyses have not revealed any corresponding dangers.
	403-9 Work-related injuries	80	
	TRAINING AND FURTHER EDUCATION		
GRI 103: Management Approach 2016	103-1 Explanation of the essential topic and its delimitation	72, 74	
	103-2 The management approach and its components	74-76	
	103-3 Assessment of the management approach	74	

GRI STANDARD	DISCLOSURE	PAGE	ADDITIONAL INFORMATION AND OMISSIONS
	TRAINING AND FURTHER EDUCATION		
GRI 404: Training and Further Education 2016	404-1 Average number of hours for education and training per year and employee	74	
	404-3 Percentage of employees who receive regular performance and career development reviews	76	
	SOCIAL COMMITMENT		
GRI 103: Management Approach 2016	103-1 Explanation of the essential topic and its delimitation	90	
	103-2 The management approach and its components	90-97	
	103-3 Assessment of the management approach	91-97	
GRI 415: Political Influence 2016	415-1 Party donations		GROHE does not make political donations.

ESSENTIAL COMPANIES OF GROHE HOLDING GMBH

Bathroom International Trading Company Ltd.
Hong Kong, China

GROHE A/S
Copenhagen, Denmark

GROHE Adria d.o.o.
Zagreb, Croatia

GROHE AG
Hemer, Germany

GROHE América do Sul Serviços de Representação Ltda.
São Paulo, Brazil

GROHE CR s.r.o.
Cestlice, Czech Republic

GROHEDAL Sanitärsysteme GmbH
Porta Westfalica, Germany

GROHE Deutschland Vertriebs GmbH
Porta Westfalica, Germany

GROHE España S.A.
Barcelona, Spain

GROHE Gesellschaft mbH
Vienna, Austria

GROHE Hong Kong Limited
Hong Kong, China

GROHE Hungary Kft.
Budapest, Hungary

GROHE India Private Limited
New Delhi, India

GROHE International GmbH
Hemer, Germany

GROHE Japan K.K.
Tokyo, Japan

GROHE Logistic Services GmbH
Porta Westfalica, Germany

GROHE Ltd.
Hounslow, United Kingdom

GROHE Malaysia Sdn Bhd
Kuala Lumpur, Malaysia

GROHE Mexico S. DE R.L. DE C.V.
Monterrey, Mexico

GROHE N.V.
Winksele, Belgium

GROHE Nederland B.V.
Zoetermeer, Netherlands

GROHE Pacific Pte. Ltd.
Singapore, Singapore

GROHE Polska Sp. z o.o.
Warsaw, Poland

GROHE Portugal Componentes Sanitarios Lda.
Albergaria-a-Velha, Portugal

GROHE P.à r.l.
Courbevoie – La Défense, France

GROHE Saudi Arabia Ltd. Co.
Jeddah/Mekka,
Kingdom of Saudi Arabia

GROHE S.p.A.
Cambiago, Italy

GROHE Services GmbH
Hemer, Germany

GROHE (Shanghai) Sanitary Products Co. Ltd
Shanghai, China

GROHE Siam Ltd.
Klaeng, Thailand

GROHE Slovakia s.r.o.
Bratislava, Slovakia

GROHE Switzerland S.A.
Volketswil, Switzerland

GROHE (Thailand) Limited
Klaeng, Thailand

GROHE Verwaltungs GmbH
Hemer, Germany

GROHE Vietnam One Member Company Limited
Ho-Chi-Minh City, Vietnam

Grome Egypt Ltd.
Cairo, Egypt

Grome Free Zone Marketing Ltd.
Cairo, Egypt

Grome İç ve Diş Ticaret Limited Şirketi
Istanbul, Turkey

Grome Marketing (Cyprus) Ltd.
Nicosia, Cyprus

Grome Marketing Gulf DMCC
Dubai, United Arab Emirates

Grome Marketing Nigeria Limited
Lagos, Nigeria

Grome Marketing Qatar W.L.L.
Doha, Qatar

Grome Trading Ltd.
Cairo, Egypt

Servicios GROHE Mexico S. DE R.L. DE C.V.
Monterrey, Mexico

OOO GROHE
Russia

PT GROHE Indonesia
Jakarta, Indonesia

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