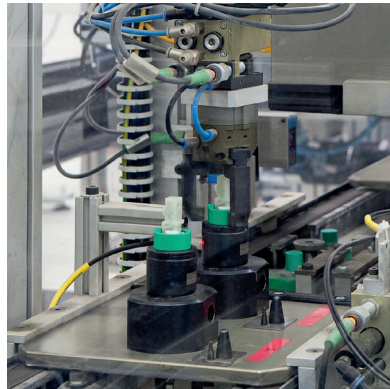


Sustainability

Hansgrohe Sustainability Report 2013/2014





UNIDOMO®

Web: www.unidomo.de

Telefon: 04621- 30 60 89 0

Mail: info@unidomo.com

Öffnungszeiten: Mo.-Fr. 8:00-17:00 Uhr

VIESMANN

Buderus

 **Vaillant**

WOLF

 **JUNKERS**  **BOSCH**

 **remeha**

 **DAIKIN**

ROTEX

a member of DAIKIN group



-  Individuelle Beratung
-  Kostenloser Versand
-  Hochwertige Produkte

-  Komplettpakete
-  Über 15 Jahre Erfahrung
-  Markenhersteller

CONTENT

1. Strategy and Analysis	7
1.1 Declaration by the Management Board	7
1.2 Effects of Business Activity and Risks and Opportunities	9
2. Profile of the Organisation	10
2.1 Name of the Organisation	10
2.2 Most important Brands, Products and Services	10
2.3 Organisational Structure	10
2.4 Headquarters of the Organisation	11
2.5 Countries with Business Activity	11
2.6 Ownership Structure and Legal Structure	11
2.7 Markets Served	11
2.8 Size of the Organisation	12
2.9 Fundamental Changes to the Size, Structure and Ownership Structure	12
2.10 Awards received during the Reporting Period	12
3. Report Parameters	13
3.1 Reporting Period	13
3.2 Publication of the previous Report	13
3.3 Report Cycle	13
3.4 Point of Contact for Questions on the Report and its Content	13
3.5 Procedure when determining the Report's Contents	13
3.6 Report Boundaries	13
3.7 Limitations to the Scope of the Report	13
3.8 Basis for Reporting about Joint Ventures, Subsidiaries, etc.	13
3.9 Methods of Data Collection and Bases of Calculation	14
3.10 New Description of Indicators	14
3.11 Modified Report Parameters	14
3.12 GRI Index	14
3.13 Scope and Foundations of an external Audit of the Report	14
4. Corporate Governance, Obligations and Commitment	15
4.1 Management Structure	15
4.2 Independence of the Chairpersons of the Highest Management Body	15
4.3 Number of independent Members of the Highest Management Body	15
4.4 The Right of Employees and Shareholders to a Say	15
4.5 Connection between the Remuneration of the Management Board and the Sustainability Performance of the Organisation	15
4.6 Mechanisms to avoid Conflicts of Interest	15
4.7 Expertise of the Members of the Highest Management Body in the Divisions of Economy, Environment and Social Affairs	16
4.8 Concepts, Codes of Behaviour and Principles of Sustainability	16
4.9 Inspection of the Sustainability Performance by the Highest Management Body	16
4.10 Evaluation of the Performance of the Highest Management Body with Regards Sustainability	16
4.11 Consideration of the Precautionary Principle	16
4.12 External Economic, Ecologic and Social Agreements and Initiatives	17
4.13 Affiliations with Associations and Special Interest Groups	17
4.14 Involved Stakeholder Groups	17
4.15 Foundation for the Selection of Stakeholders	17
4.16 Approaches for the Incorporation of Stakeholders	18
4.17 Handling Questions and Concerns of our Stakeholders	18

Economy	20
Management Approach	20
EC 1 Direct economic value generated and distributed	20
EC 2 Financial implications of climate change	20
EC 3 Coverage of the organization's defined benefit plan obligations	21
EC 4 Financial government assistance	22
EC 5 Entry level wage compared to local minimum wage	22
EC 6 Business policy, practices and proportion of expenditure for local suppliers	22
EC 7 Procedures of local hiring and proportion in management positions	22
EC 8 Development and impact of investments in welfare	22
EC 9 Indirect economic impacts	23
Environmental protection	24
Management Approach	24
EN 1 Materials used	25
EN 2 Percentage of materials used that are recycled	25
EN 3 Direct energy consumption	25
EN 4 Indirect energy consumption	26
EN 5 Energy savings	26
EN 6 Energy-efficient products and services	27
EN 7 Initiatives to reduce indirect energy consumption	28
EN 8 Total water consumption, classified by source	28
EN 9 Water sources affected by withdrawal of water	28
EN 10 Recycled and reused water	29
EN 11 Use of space in conservation areas	29
EN 12 Impacts on biodiversity in protected areas	29
EN 13 Protected or restored natural habitats	29
EN 14 Strategies and management of effects on biodiversity	29
EN 15 Endangered species with habitats in areas affected by operations	29
EN 16 Direct and indirect greenhouse gas emissions	29
EN 17 Other relevant greenhouse gas emissions	30
EN 18 Initiatives to reduce greenhouse gas emissions and reductions achieved	30
EN 19 Emissions of ozone-depleting substances	30
EN 20 NO _x , SO _x and other significant air emissions	30
EN 21 Total waste water discharge	31
EN 22 Total weight of waste by type and method of disposal	31
EN 23 Total number and volume of significant spills of hazardous substances	31
EN 24 Transported, imported, exported or treated hazardous waste	31
EN 25 Water bodies and related natural habitats affected by the waste water discharge	31
EN 26 Initiatives to reduce environmental impacts of products and services	321
EN 27 Percentage of products sold, for which the packaging materials are reclaimed	32
EN 28 Fines and non-monetary sanctions for non-compliance with environmental laws and regulations	32
EN 29 Environmental impacts of transporting products, materials and employees	32
EN 30 Expenditure and investments for environmental protection	32
Work Experience Placements and decent Job Conditions	34
Management Approach	34
LA 1 Total workforce by employment contract and region	35
LA 2 Workforce fluctuation	35
LA 3 Benefits only provided to full-time employees	35

LA 4	Percentage of employees covered by collective bargaining agreements	35
LA 5	Notice periods regarding significant operational changes	36
LA 6	Percentage of workforce represented in health and safety committees	36
LA 7	Injuries, occupational diseases, absences and total work-related deaths	36
LA 8	Health care and counselling	36
LA 9	Health and safety agreements with trade unions	37
LA 10	Further training and education measures	37
LA 11	Skills management and lifelong learning	37
LA 12	Employee performance and career development reviews	37
LA 13	Diversity in the workforce and governance bodies	38
LA 14	Ratio of basic salary of men to women	38

Human Rights **39**

	Management Approach	39
HR 1	Inspection of investment agreements for human rights aspects and clauses	39
HR 2	Inspection of suppliers for human rights aspects	39
HR 3	Employee training on human rights	39
HR 4	Incidents of discrimination and actions taken	39
HR 5	Business activities identified where freedom of association or the right to collective negotiations could be jeopardised	40
HR 6	Business activities identified as having a risk of child labour	40
HR 7	Business activities identified as having a risk for incidents of forced or compulsory labour	40
HR 8	Human rights training of security personnel	40
HR 9	Violations involving rights of indigenous people	40

Society **41**

	Management Approach	41
SO 1	Effects of business activities on communities or regions	41
SO 2	Business units, which have been investigated for corruption risks	41
SO 3	Employee training in anti-corruption	41
SO 4	Incidences of corruption and measures taken	42
SO 5	Political positions and participation in forming of political will and lobbying	42
SO 6	Contributions to parties and politicians	42
SO 7	Legal actions for anti-competitive behaviour	42
SO 8	Fines for non-compliance with laws and regulations	42

Product Responsibility **43**

	Management Approach	43
PR 1	Life cycle stages in which health and safety impacts of products are assessed	44
PR 2	Non-compliance of regulations concerning health and product safety	44
PR 3	Legal obligations to provide information about products and services	44
PR 4	Non-compliance with legal and voluntary obligations to provide information about products and services	44
PR 5	Surveys of customer satisfaction	44
PR 6	Adherence to laws concerning advertising	45
PR 7	Non-compliance with legal and voluntary regulations concerning advertising	45
PR 8	Justified data protection complaints	45
PR 9	Significant fines due to infringements against legal regulations concerning the acquisition and use of products	45

GRI INDEX **46**

1. Strategy and Analysis

1.1 Declaration by the Management Board

For decades, Hansgrohe has considered itself to be an "advocate of water". A sustainable business policy is paired with the passion for this vital, sensitive and precious element. Long-term thinking and action are a traditional part of our company's philosophy. This can be seen from our commitment to environmental protection and our various commitments to society and our workforce. The Hansgrohe Group does not consider sustainability to be an obligation. It sees it far more as a driver for innovations in all business sectors, as well as a factor to improve efficiency and cost structures.

In the 2013/2014 reporting period, the company's commitment to employees, the environment and society bore a number of fruits: be it the increased energy efficiency, the improvement of occupational safety, hosting of the Hansgrohe Water Symposium or supporting the "Rheines Wasser" scientific and sporting environmental project. Harmonising economic success, social responsibility and environmental protection is a challenge, which our employees will continue to address with their knowledge and conviction in the future.

In 2010, the executive board laid out the line of approach for the next five years. Water consumption was to be reduced by ten percent at sites all around the world, direct CO₂ emissions were to be reduced by twenty percent and ten percent fewer hazardous substances were to be used. The total weight of the products produced in 2010 was taken as the reference parameter. During the reporting period, a number of measures were taken to achieve these self-determined objectives. For example, the main focus in the 2014 financial year was on shutting down unnecessary energy consumers. While technical facilities were often left active during non-production periods in the past, these are now switched off wherever feasible. The effect of this and a number of other measures was not long in coming:

Energy efficiency (calculated from the MWh per tonnage of sold products) has increased by fifteen percent in relation to the reference year of 2010. Despite improved energy efficiency, CO₂ emissions (calculated with the constant emission factor from 2010) in the Hansgrohe Group have only fallen by five percent in the same period. This is due to the increased production and expansion of capacity. A positive result can be reported for water consumption: Water consumption per tonnage of produced product fell by 21 percent in 2014 in comparison to the reference year of 2010. In 2014, the Hansgrohe Group used 35 percent fewer hazardous substances than in the reference year of 2010. The LDFR parameter from the field of occupational safety was 0.56 in 2014, far below the target value of 1.

In summary, it can be recorded that we are on a positive track. The objectives we set in 2010 in terms of water consumption, use of hazardous substances and occupational safety parameters have been achieved and in some cases noticeably exceeded. On the other hand, energy efficiency as measured by tonnage of produced product could be reduced by 15 percent.

For the Hansgrohe Group, energy efficiency is more purposeful for measuring CO₂ emissions due to predetermined factors and will replace this in the future for this reason.

Product solutions for more resource efficiency

A fundamental factor for the ecological footprint of our company is product development, as this determines how many resources are used during the manufacture and use of products. The resource efficiency of products is a decisive factor for the future in terms of climate change and the growing world population. Drinking water provision, in particular, is a major challenge. Even in the product development stage, we begin to set the course for ensuring we are economical in our use of resources. Firstly, Hansgrohe thinks about the manufacturing process in order to save material and energy. Secondly, Hansgrohe uses fittings and shower heads with water-saving technology so that water is used very economically when the product is in use. In the reporting period, Hansgrohe generated 25 percent of its net turnover with products that are particularly economical in their use of resources.

Partners in project business

In Germany, about a third of resource consumption and CO₂ emissions trace back to buildings. For this reason, certifications for sustainable buildings play an increasingly important role and are also been further promoted by the EU. As a reliable partner in the field of sustainable building, Hansgrohe provides guidance for eco-friendly products and environmentally friendly manufacturing processes as one of the first manufacturers with an extensive Environmental Product Declaration (EPD) for shower heads and a classification of fittings with the European quality label "WELL" (Water Efficiency Label). For this reason, our products are used in a number of sustainable building projects worldwide, such as the South African Department of Environmental Affairs in Pretoria and the Swiss residential development in Neugr en in Mellingen.

Production put to the Test

Hansgrohe also focuses on sustainability during production. Procedures are continually examined and improved. Hansgrohe is establishing an integrated management system in the company headquarters and in all production sites. On one hand, this ensures the high quality of products and service, while also guaranteeing sustainable handling of resources and energy, occupational safety and health protection for our employees. Hansgrohe is continually improving this management system, ensuring customer satisfaction, improving our environmental sustainability in order to provide employees with a secure workplace.

In 2014, Hansgrohe started up additional facilities at the production site in China and considerably increased the production capacity. Hansgrohe's objective will be to continue ensuring sustainable handling of resources and energy, despite increased capacities.

Employees in Focus

Social responsibility is as much a part of the Hansgrohe philosophy as the protection of the environment: Hansgrohe considers itself to be part of society and wants to contribute actively to its success. This commitment extends from the promotion of young people in Hansgrohe's "talent factory" apprenticeship workshop to a far-reaching programme ranging from preserving health to supporting social and cultural facilities as part of water-related aid projects all over the world.

Since the first Hansgrohe employee survey in November 2011, project teams have implemented the suggestions of our workforce throughout the divisions to increase employee satisfaction and, as such, our appeal as an employer. The second employee survey took place in autumn 2014, the results of which were communicated to all employees in July 2015.

Aims for the Future

With the Hansgrohe "Green Company Steering Committee", to which the executive board belongs, the company created an organisational framework in 2009 to further promote the entrenchment of sustainable economic activity into all business processes within the Hansgrohe Group. In doing so, great importance is attached to ensuring quantifiable results and verification. Sustainability objectives are discussed at regular intervals. This will be traced along the entire target range. Accordingly, the following objectives are to be achieved by the end of 2017, measured by the reference year of 2014:

- | | |
|---|-----------------|
| • Increase in water efficiency | +10.0 % |
| • Increase in waste efficiency | + 5.0 % |
| • Increase in energy efficiency | + 2.0 % |
| • LDFR (Lost Day Frequency Rate) | < 0.7 |

We support our objectives through investments in safe and efficient buildings and production technology.

One example of this is our new research and development laboratory in the company headquarters with its modern heat pump technology.

The regular upgrading of our existing surface coating systems emphasises our long-term focus.

We are continuously sensitising our employees about safety issues and developing safer and more ergonomic work conditions with them.

Many companies speak of "sustainable economic activities" – at Hansgrohe, it is firmly anchored, quantifiable and transparent as a component of our corporate action on an international level.

Thorsten Klapproth

Chairman of the Executive Board

1.2 Effects of Business Activity and Risks and Opportunities

The highest levels of water and energy consumption arise during the usage of fittings and shower heads. For this reason, Hansgrohe is developing technology to improve water and energy efficiency during use, such as EcoSmart and CoolStart technology. However, the understanding of sustainable action goes far beyond product development. The consistent focussing on sustainability aims raises lots of forward-looking questions on which Hansgrohe concentrates intensively: How can water and energy be used more efficiently in the bathroom to further reduce the CO₂ footprint without limiting comfort? How can products be developed and produced today so that they create no pollution for the next generation and our environment? What lifestyles characterise our future and how can good design, for example as universal design, support a sustainable lifestyle? How can the environmental balance of production and logistics processes be further optimised? How can the health of employees be preserved despite longer working lives and how can occupational safety be further increased?

The European Union's REACH Regulation has an external influence on the operating activity of the company. The REACH Regulation (EU 1907/2006) is the European Chemical Regulation for the Registration, Evaluation, Authorisation and Restriction of Chemicals.

As a fittings and shower head manufacturer with a high vertical range of manufacture, Hansgrohe is dependent on the use of chemicals. Safety and environmental protection have always been a top priority for Hansgrohe. For this reason, together with the specialist divisions, Hansgrohe environmental, health and occupational safety management is concerned with the requirements resulting from REACH and implements all the necessary measures.

Countless opportunities have arisen for Hansgrohe from all these issues. In the future, we will continue to actively contribute to sustainable action. Measures in the field of operational environmental protection, occupational safety, health protection and products are to be further developed along the value added chain. Developing sustainable products and processes ultimately leads to analysis of new business models. The intensive discussion about sustainable economic activity opens up new perspectives for Hansgrohe, as well as its customers, employees and partners. In the future, Hansgrohe will continue to consistently focus on and develop its sustainable action.

2. Profile of the Organisation

2.1 Name of the Organisation

Hansgrohe SE

2.2 Most important Brands, Products and Services

Hansgrohe is a manufacturer of fittings (bathroom and kitchen), shower heads, complete shower systems, tubs and grey water recycling systems. The products are distributed under four brands. Within the international network of the Hansgrohe Group, Hansgrohe is the brand which has made a name for itself worldwide as a result of product innovations, quality and functionality in the fields of shower heads and bathroom and kitchen fittings. Axor is the designer brand of Hansgrohe SE. In line with its motto – “Designer Visions for Your Bathroom” – Axor works with selected designers, architects and interior designers to develop collections which offer lots of different solutions for creating individual bathrooms. The brand Pharo focuses on furnishing feel-good bathrooms with premium shower and spa systems, such as shower temples, shower panels, whirlpools and steam showers. Pontos is the specialist for grey water recycling and heat recovery from waste water.

2.3 Organisational Structure

During the 2013/2014 reporting period, the business divisions of Hansgrohe SE consisted of:

Controlling & Accounting, Personnel, Research & Development, International Marketing Services, Corporate Communication, Logistics, Information Services, Business Processes & Customer Logistics, Purchasing, Technical Service Center, Industrial Engineering, Quality Management, Production, Facility Management, Environment Health & Safety und Technology Management.

Hansgrohe is represented on all continents with 34 companies and 22 sales offices. Manufacturing is carried out at two German production sites, as well as in France, the Netherlands, the USA and in China specifically for the Chinese market. With the progressive globalisation of the Hansgrohe Group, competences and services are being more strongly aligned to specific, local market requirements and processes are being increasingly standardised in the individual business divisions.

Members of the Hansgrohe supervisory board (as of November 2015):

Klaus F. Jaenecke (Chairman since 15th April 2015)

Richard O'Reagan (Deputy Chairman; Group President, Masco Corporation)

Keith Allman (President und CEO, Masco Corporation)

Pierre Nikolas Grohe (since 15th April 2015)

Barbara Scholl (elected employee representative)

Stefan Krischak (elected employee representative)

Members of the Hansgrohe supervisory board in the 2014 financial year:

Klaus Grohe (Chairman until 15th April 2015)

Richard O'Reagan (Deputy Chairman; Group President, Masco Corporation)

Keith Allman (President und CEO, Masco Corporation)

Klaus F. Jaenecke (since 1st March 2014)

Barbara Scholl (elected employee representative)

Stefan Krischak (elected employee representative)

Members of the Hansgrohe supervisory board in the 2013 financial year:

Klaus Grohe (Chairman)

Lau Frandsen (Deputy Chairman)

Keith Allman (Group President, Masco Corporation)

Gerald Volas (Group President, Masco Corporation)

Barbara Scholl (elected employee representative)

Stefan Krischak (elected employee representative)

Members of the Hansgrohe executive board (as of November 2015):

Thorsten Klapproth (Chairman) (since 1st October 2014)

Richard Grohe (Deputy Chairman)

Frank Schnatz (since 1st Mai 2015)

Frank Semling

Members of the Hansgrohe executive board in the 2013/2014 reporting period:

Siegfried Gänßlen (Chairman) (until 30th September 2014)

Richard Grohe (Deputy Chairman)

Marc Griggel (until 30th April 2015)

Frank Semling

2.4 Headquarters of the Organisation

Hansgrohe SE

Austraße 5-9

77761 Schiltach

Deutschland

2.5 Countries with Business Activity

The Hansgrohe Group produces in Germany, France, the Netherlands, the USA and in China specifically for the Chinese market. With 34 companies and 22 sales offices worldwide, Hansgrohe is one of the few global players in the sanitary industry. In the 2014 financial year, the fittings and shower head specialist employed about 3,650 employees and supplied fittings and shower heads to 144 countries.

2.6 Ownership Structure and Legal Structure

Hansgrohe is a European public limited company (Societas Europaea), which is not listed on the stock exchange. Two main shareholders are involved in the Hansgrohe Group: the family of Klaus Grohe, Schiltach (32 percent) and the American Masco Corporation, Taylor/Michigan (68 percent).

2.7 Markets Served

In its market cultivation, Hansgrohe focuses primarily on a three-tier sales channel. The products are distributed via the wholesale trade, which in turn sells them on to fitters. End consumers can find out about the products from trade exhibitions. In 2013, Hansgrohe products were sold in 143 countries, of which 55 percent were in Europe, 9 percent in North America and 36 percent in the emerging markets. In 2014, Hansgrohe sold in 144 countries. 57 percent of the turnover came from Europe, 10 percent from North America and 33 percent from the emerging markets.

2.8 Size of the Organisation

In the 2014 reporting period, the import and export turnover of the Hansgrohe Group amounted to over € 874.1 million (2013: € 841.4 million). As of 31st December 2014, the company had 3,650 employees worldwide – 149 more than on the previous year's reporting date.

2.9 Fundamental Changes to the Size, Structure and Ownership Structure

There were no fundamental changes to the size, structure or ownership structure in the reporting period.

2.10 Awards received during the Reporting Period

The news magazine Focus, XING network and employer ratings platform Kununu awarded Hansgrohe the prize for "Germany's Best Employer" in 2014.

Hansgrohe once again received a number of awards in the reporting period – mainly in the field of product design. Hansgrohe has been among the "Brands of the Century" since 2013. In the same year, the company received the internationally coveted "Red Dot" design prize for the Axor Starck Organic collection with the award of "Best of the Best" and "China's Successful Design Award". The company was also awarded Gold at the Architects' Darling Awards. In 2014, the world-renowned design prize of the interior design industry, the "Best of Best" Interior Innovation Award was awarded to the Axor LampShower and the Axor Showerpipe. The jury in the "Red Dot" competition rewarded the best product design combined with the highest functionality with the "Best of the Best" award for both products. The jury of the Wallpaper* Design Awards 2014 certified an outstanding design process from concept to finished product for the Axor brand and awarded the Axor WaterDream the prize in the "Best Shower Concept" category. With the WaterDream range, Axor has been developed conceptual visions relating to the bathroom with international architects, interior decorators and designers for over twenty years.

In 2014, the Hansgrohe brand received the German Prize for Online Communication for its "Word-of-Mouth" campaign to launch the Raindance Select E 120 shower head. It honours outstanding projects, professional campaign planning and pioneering strategies of digital communication. In a survey of 20,000 specialist sanitation engineers by "markt intern" (mi) industry service, the Hansgrohe Metris model emerged as the "Fitting of the Year" for the second time in a row. The performance list choose Hansgrohe as the "Innovation Champion of the Year 2014" for its Select technology. The company also received the best industry scores for its services in the categories of "Support by the Manufacturer", "End Consumer Advertising", "Delivery Service" and "Easy Assembly".

In the 2014 ranking by International Forum Design (iF) of the best design companies in the world, Hansgrohe SE occupies 17th position of about 2,000 listed companies. In the previous year, Hansgrohe SE actually occupied 11th position.

3. Report Parameters

3.1 Reporting Period

The reporting period is 2013/2014. For certain indicators, additional information from previous years is also provided to show a better overview of development.

3.2 Publication of the previous Report

The last Sustainability Report by Hansgrohe SE for 2011/2012 was published in 2013. The report has been compiled as per the GRI G3 guidelines for Application Level A.

3.3 Report Cycle

The report was compiled in accordance with the GRI-Index again for 2014. On this basis, the report is to be updated every two years.

3.4 Point of Contact for Questions on the Report and its Content

Dr. Jörg Hass
Head of Public Relations
joerg.hass@hansgrohe.com / Phone: +49 (0)7836/51-3009 Hansgrohe SE
Austraße 5-9
77761 Schiltach
Germany

Dieter Hauser
Head of Environment, Health and Safety
dieter.hauser@hansgrohe.com / Phone: +49 (0)7836/51-1471 Hansgrohe SE
Austraße 5-9
77761 Schiltach
Germany

3.5 Procedure when determining the Report's Contents

The fundamental topics were identified on the basis of internal analyses and with external consultants. The fundamental contents of the report are based on the dialogue with the stakeholder groups that are relevant to Hansgrohe, such as employees (regular employee questionnaires), customers (for example, the iClub customer club) and the public / citizens (for example as a result of the expansion of the logistics centre in Offenburg). Hansgrohe expects that these stakeholders will also show a heightened interest in the report.

3.6 Report Boundaries

In principle, the report relates to the entire Hansgrohe Group. Where the reporting is restricted to a certain division of the company, then this is stated clearly and concisely.

3.7 Limitations to the Scope of the Report

There are no significant limitations.

3.8 Basis for Reporting about Joint Ventures, Subsidiaries, etc.

As part of this report, the reporting concerns the entire group.

3.9 Methods of Data Collection and Bases of Calculation

The methods and bases of data collection are summarised in the relevant sections, when necessary and possible.

3.10 New Description of Indicators

This indicator is not relevant. This report is compiled in accordance with GRI G3 Standards.

3.11 Modified Report Parameters

This indicator is not relevant. This report is compiled in accordance with GRI G3 Standards.

3.12 GRI Index

This report is structured in accordance with the Guidelines of GRI G3.

3.13 Scope and Foundations of an external Audit of the Report

This report has not been verified externally.

4. Corporate Governance, Obligations and Commitment

4.1 Management Structure

Thorsten Klapproth started his post as chairman of the executive board of Hansgrohe SE on 1st October 2014 and replaced Siegfried Gänßlen at the head of the fittings and shower head manufacturer, when he retired from the company due to his age.

4.2 Independence of the Chairpersons of the Highest Management Body

The executive board is the highest management body. The chairman of the executive board was Siegfried Gänßlen until 30th September 2014. Since 1st October 2014, Thorsten Klapproth has presided over the executive board. Decisions are made on the basis of consensus.

4.3 Number of independent Members of the Highest Management Body

Four people belong to the executive board. Thorsten Klapproth is the chairman of the executive board. His deputy is Richard Grohe. The other members of the executive board are Frank Schnatz (Marc Griggel until 30th April 2015), responsible for Production and Quality Management and Frank Semling, who is responsible for the divisions of Supply Chain Management and IT. Since 2015, Frank Semling has also been the labour director.

4.4 The Right of Employees and Shareholders to a Say

Hansgrohe employees have the opportunity to play a part in the Hansgrohe works council. Two elected employees' representatives are members of the supervisory board in the form of Stefan Krischak and Barbara Scholl.

The main shareholder Masco is represented with two of a total of six members in the Hansgrohe supervisory board: Keith Allman (President and CEO, Masco Corporation) and Richard O'Reagan (Group President, Masco Corporation). The chairman of the supervisory board is Klaus F. Jaenecke. Pierre Nikolas Grohe represents the Syngroh investment company of the Klaus Grohe family in the supervisory board.

4.5 Connection between the Remuneration of the Management Board and the Sustainability Performance of the Organisation

The remuneration of the executive board has no direct connection to the sustainability performance of the Hansgrohe Group.

4.6 Mechanisms to avoid Conflicts of Interest

The Hansgrohe Group is subject to the regulations of the parent company in order to avoid any conflicts of interest. As part of the Masco Business Code, all Hansgrohe employees have access to the regulations about conflicts of interests in the Hansgrohe portal. In addition, management employees and those in management positions regularly receive obligatory training on special subjects pertaining to compliance and ethics through the

e-learning system. For example, possible conflicts of interest are stated and regulations are set down. This concerns regulations on the acceptance of gifts, hospitality, participation in events, possible financial favouring of relatives, handling of information and competitors, of financial auditors, government officials and other officials.

Within the Hansgrohe Group, there is no crossholding with equitable or voting interest with other companies.

4.7 Expertise of the Members of the Highest Management Body in the Divisions of Economy, Environment and Social Affairs

There are no formal qualification requirements here.

4.8 Concepts, Codes of Behaviour and Principles of Sustainability

As a company, which observes its social and ecological responsibility, Hansgrohe has formulated its own concepts as a basis for the responsible handling of all employees. More information on the guiding principles of a sustainability company can be found on the Hansgrohe website:

www.hansgrohe.com > Environment and sustainability > Green Company > Guiding Principles of the Company

The Hansgrohe corporate philosophy is considered to be a “living working paper”, which is discussed each year in a group of management and employees and, if necessary, adapted to the changed social and economic conditions. Division by division, all employees are then invited once a year by their managers to the “Hansgrohe U’phil-Kaskade” conference to discuss various aspects. The management takes up the suggestions and ideas of its teams in turn as input for the superordinate corporate philosophy conference. As a global company, Hansgrohe’s corporate philosophy considers the company to be an international family, in which all the employees have their place and are respected irrespective of their origin, language, race, culture, religion, gender and age. The company and employees attach particular importance to open and fair cooperation, tolerance and the ability to deal with conflict, innovative and creative thinking.

4.9 Inspection of the Sustainability Performance by the Highest Management Body

The sustainability performance of the Hansgrohe Group is assessed by the “Green Company” steering committee. The executive board and the divisional managers come together each quarter to make operative and strategic decisions in the field of sustainability. At least once a year, the objectives are inspected and the current achievement of goals is analysed in the “Green Company” steering committee. To further anchor sustainability into the strategic alignment of the company, the division of Sustainability Controlling was introduced in 2010, which is attached directly to the chairman of the board. As a result of its reporting, the management committee can access the data at any time and view and track the progress of projects accordingly.

4.10 Evaluation of the Performance of the Highest Management Body with Regards Sustainability

There is no separate performance evaluation relating to sustainability.

4.11 Consideration of the Precautionary Principle

With its self-determined sustainability objectives and the commitment to sustainability shown as a result, Hansgrohe follows the precautionary principle.

ple as per Article 15 of the Rio Declaration. In terms of products, all the developments run through a risk analysis during the planning and construction phase, in which the possible health and safety aspects for users of the future product are examined.

4.12 External Economic, Ecologic and Social Agreements and Initiatives

In principle, Hansgrohe aligns itself with the international standards which have been identified as important in all its business activities and strategic development processes. Rules of conduct are defined through various regulations (for example guiding principles of a sustainable company or directives from Masco the main shareholder). Efforts are made to ensure continual inspection and further improvements. Hansgrohe has not yet officially adopted external standards, but uses their content to promote the internal improvement process.

4.13 Affiliations with Associations and Special Interest Groups

Hansgrohe SE is a member of various associations and special interest groups, which contribute to sustainable development:

IBU (Institute of Construction & Environment)

Industrie Design Forum

VDI Verein Deutscher Ingenieure (Association of German Engineers)

Verband für Sicherheit (safety association)

Allianz pro Nachhaltigkeit (pro-sustainability alliance)

fesa e.V.

DGNB (German Sustainable Building Council)

Among others, Hansgrohe SE is a founding member of the German Sustainable Building Council (DGNB). The intensive networking with architects, specialist engineers, investors, project developers and many others from the value added chain of construction leads to a fruitful exchange about the future of building. With the motto of Sustainability, social and technical developments on the international markets are assessed, new perspectives are found to old questions and pioneering innovations are developed.

ICV (International Controller Association)

The association has dealt with the issues of "green controlling" and "green management tools" for several years.

4.14 Involved Stakeholder Groups

Hansgrohe's most important stakeholder groups include customers, employees, suppliers, neighbours, local communities, political organisations, associations, legislative authorities, supervisory bodies, research institutes, non-governmental organisations and trade unions. As part of a promotion, the stakeholder management of Hansgrohe SE was examined in 2014.

4.15 Foundation for the Selection of Stakeholders

The decisive criterion for the selection or incorporation of stakeholders is the economic, ecological or social integration with the groups named in 4.14. It is important to Hansgrohe to recognise developments of stakeholders early on and to allow these to be incorporated into the corporate strategy.

4.16 Approaches for the Incorporation of Stakeholders

The Hansgrohe Group is in dialogue with all stakeholders. However, some of the groups named in 4.14 are particularly involved with sustainable objectives at the moment.

One example is the questionnaire of Hansgrohe employees at German sites in 2011. The executive board initiated the "Top Employer Initiative" (TEI) project on the basis of these results. Since then, project teams have developed suggested improvements, which have been and will continue to be implemented in a number of measures. As well as making working hours more flexible, providing services such as childcare in the Easter and summer holidays, crèche and nursery places and information folders for parents-to-be, Hansgrohe also offers social counselling. In doing so, employees are supported in successfully marrying their professional and private lives together. A social advisor supports those seeking advice and provides information relating to professional and private issues. The employee survey was carried out again at the end of 2014.

As part of the incorporation of new suppliers into a Supplier Code aligned to Masco guidelines, all Hansgrohe suppliers are now obligated to provide information about sustainability criteria and their own social and environmental behaviour.

In workshops, information events, the annual Hansgrohe Water Symposium and tours through pertinent exhibitions, through the German Hansgrohe factories and in the "Our Water" exhibition area in the Hansgrohe Aquademie in Schiltach, interested end consumers and specialists can gain an insight into sustainable issues concerning water, as well as production procedures, products and initiatives for their own sustainable action.

The issuing of prizes for the long-term commitment of Hansgrohe employees or for "green ideas" from up-and-coming designers opens up a platform for the subject of sustainability, as well as the regular, technical exchange with research facilities, architects, facility and hotel managers, bathroom planners and fitters. In the innovation group of the Hansgrohe Customer Club, new product developments are discussed in relation to the needs of the market. The subject of saving energy and water is the focus here, under the view point of sustainability.

For example, employees are included through the IdeaNet on the intranet. Employees are able to input ideas for new products and evaluate and comment on other concepts here. All the suggestions are followed up and evaluated by the product management. At Hansgrohe, there is also the works suggestion scheme to improve occupational safety, environmental protection and to reduce workloads for employees.

Another example for the incorporation of a stakeholder group is the involvement of Hansgrohe SE in a citizens' forum, which was started up in 2012 due to the planned expansion of the Hansgrohe factory in the industrial area in Elgersweier, Offenburg. The company presented its preliminary plans to the Elgersweier inhabitants and representatives of the town and communities and found a mutual solution after several roundtable discussions with all parties involved. The citizens' suggestions were incorporated into the planning and ideas were developed with the citizens for the compensation area. Among other things, a four-metre high wall planted with domestic plants will be built. As well as noise protection, this will also integrate the Hansgrohe's expansion into the landscape. In addition, trees and shrubs will be planted extensively. The foundations for the building were laid in spring 2015.

4.17 Handling Questions and Concerns of our Stakeholders

The dialogue with our stakeholders has an influence on the long-term alignment of Hansgrohe, for example, in terms of the development of resources of gentler products (see PR Part) and on the assumption of social responsibility, even away from our own factory gates (see SO Part). Requirements emerge from our exchanges with customers, for example in the innovation group of the Customer Club, in the further development of water-saving and energy-saving products. Important requirements on the design of the working environment arose from the employee survey that was carried out at the end of 2014. For further aspects, see also 4.16

Economy

Management Approach

Generally stable, but with major fluctuations in regional economies – this is how the global economic situation can be summed up in 2014. The Hansgrohe Group was able to increase its turnover by 3.9 percent in this climate, achieving another record turnover.

The Hansgrohe Group's strategic success factors are its guarantee for a stable development of turnover. Through the steadily increasing internationalisation of the last few years, Hansgrohe now distributes its products to 144 countries, making it more independent from the economic development of individual countries and sales regions.

In 2014, Hansgrohe gained market shares in almost all sales regions. Above all, the international project business developed positively.

Hansgrohe is an innovation leader in the sanitary industry and invests extensively in research and development. In 2014, a number of new products were launched on the market. The Hansgrohe Group is flexible as a result of the innovative strength and able to adapt quickly to market changes. Hansgrohe SE generated 26.9 percent of its turnover with these new products (three years or younger).

EC 1 Direct economic value generated and distributed

In 2014, the company achieved a new record in terms of turnover. With a gain of 3.9 percent, the transaction volume climbed by about €33 million. In 2014, the total import and export turnover amounted to over €874 million (2013: €841 million). All the distribution channels contributed to the growth in turnover. The materials costs amounted to €367 million, with a further €196 million spent on personnel costs. Other operating expenses amounted to €159 million. In 2014, we were able to considerably exceed the EBIT margin again with 17.3 percent. In 2013, this was 14.9 percent.

EC 2 Financial implications of climate change

Hansgrohe observes the consequences of climate change and the regulations brought in as a result in great detail. Legal guidelines concerning climate protection are complied with, but play no major role for the business activities of Hansgrohe and represent no particular risk. Increasing energy prices are monitored intensively. Through intelligent energy management and new technology in the various factories, efforts are made to manufacture products in an eco-friendly manner. Aspects are also incorporated into the product development stage in order to offer customers water-saving and therefore energy-saving products.

In the risk report of the World Economic Forum 2013, the future water supply is determined as one of the greatest social risks against the background of climate change and the growing world population. Both the quality and quantity of the available drinking water are the focus here.

As a company, whose products influence the direct handling of drinking water, Hansgrohe develops solutions to use water efficiently and to preserve the water quality for users. With EcoSmart, AirPower and CoolStart, technology is used for the fittings and shower heads, which limits the flow or helps to reduce hot water consumption, and therefore energy consumption. The turnover share of resource-friendly products continues to be stable at 25 percent in the 2013/2014 reporting period.

The risks, which arise for the global Hansgrohe sites, are dependent on country-specific conditions. It is not possible to quantify these exactly.

Hansgrohe is directly affected by increases in material and energy costs. The "Hansgrohe Plus 21" programme, which began in 2001, achieved efficiency increases of €39.1 million in the 2013/2014 reporting period, which helps Hansgrohe in the long term to compensate for price increases through internal improvements.

In the same way, laws and regulations on both European and international levels influence the economic action of Hansgrohe. As a result of its proactive action, such as in the "Green Company" steering committee, the Hansgrohe Group is in the position to react to changing conditions promptly.

The monitoring and evaluation of company chances and risks is guaranteed through the risk management procedure. It is not possible to make a quantitative statement about the financial consequences of climate change.

EC 3 Coverage of the organization's defined benefit plan obligations

It is only possible to make a complete statement about the organisation's additional benefits for the company's German sites. Benefits at foreign sites are based on the relevant country's practices

In 2014, Hansgrohe paid its employees in Germany a profit share of €1.25 million (2013: €1.1 million). Every year at Christmas, employees also have the chance to choose one of several attractive gifts. All Hansgrohe employees have the option of claiming a free Jobticket for journeys to the workplace. In 2014, approx. 1,000 employees took advantage of the Hansgrohe Jobticket. In addition, the company paid a fixed amount to the transport associations, plus the payment of tax on the monetary benefits.

Food in the canteens at both the Schiltach and Offenburg factories (operated by Aramark) is subsidised with a fixed amount. The company also covers all the costs to ensure smooth running and infrastructure of the canteen's operation.

According to specific criteria, all employees at the two German Hansgrohe sites are eligible for a employer-financed pension plan. Depending on the income, the company finances health care services, which can result in an old-age pension, early retirement fund, survivor's pension or invalid's pension for the employee or surviving dependent when the benefits become due.

As part of the labour agreement with IG Metall, with which Hansgrohe is affiliated, full-time employees are entitled to a subsidy of €26.59 per month (€13.29 for apprentices) as a tax-free retirement compensation to employees for capital accumulation purposes (AVWL).

Hansgrohe offers an additional service at its German sites in the form of free Jobticket for Hansgrohe employees. The Ticket allows employees to use public transport from their home to their place of work. In addition, Hansgrohe also subsidises some bus routes at international locations to achieve a better connections between the factories and the local public transport.

Hansgrohe provides further services to its employees to ensure a better compatibility between work and family life. As well as making working hours more flexible, providing services such as childcare in the Easter and summer holidays, crèche and nursery places and information folders for parents-to-be, Hansgrohe also offers Hansgrohe social counselling. In doing so, employees are supported in successfully marrying their professional and private lives together. A social advisor supports and provides advice about professional and private questions and problems, develops solutions in collaboration with employees and helps to refuel. The services are being received well by employees.

A central part of Hansgrohe sustainability management is the company's health management system. Together with the personnel department and the company doctors, the health management department ensures that the legal obligations for occupational safety, health protection and operational integration management are fulfilled and also ensures that employees can be offered a multitude of voluntary services. As well as the main topic of ergonomics, employees at German sites can also use free prevention campaigns, health days, relaxation services and health courses. The health management is pursuing the following objectives: Firstly, a healthy environment should be created within the company, for example in the production department where heavy manual work must frequently be performed. Secondly, it is important to promote the health-conscious behaviour of our employees, for example with presentations about health themes and non-smoking seminars. And thirdly, the company wants to preserve its employees' fitness for work and employment with specific preventative measures and services - from sports courses to flu vaccinations and weight loss programmes.

A special service has existed for Hansgrohe's young staff since 2008: Under the title of "HansFit – Health Promotion in Apprenticeships", a three-year programme to promote health-conscious behaviour of apprentices and placement students is offered. The aim is to sustainably improved health competence. The content of HansFit days include elements from the action areas of the Hansgrohe health management department. The aim is to provide apprentices and placement students with a wide range of knowledge and make "health come alive".

The focal points are "Movement and Ergonomics", "Nutrition and Traffic Accident Prevention", "Dependency Prevention" and "Life Balance". In discussions with police experts and a visit to a clinic, the apprentices are shown the fatal consequences of drugs and a non-attentive attitude to your own body. Together with a healthcare professional, the question of "sense and nonsense of food supplements" is examined and the apprentices and placement students find out whether they are covering their daily vitamin requirements in a self-check.

The challenges of the demographic change will shape personnel work in the 2020s. To set the right course today, a Demographics study group was set up in 2014 and the demographic situation in the German divisions was systematically analysed. Fundamental fields of action (e.g. "Attracting and Retaining Employees", "Preserving Knowledge and Developing Employees") were identified and summarised in a Demographic road map for the coming years.

EC 4 Financial government assistance

There was no noteworthy financial government assistance in the reporting period.

EC 5 Entry level wage compared to local minimum wage

Employee payment is in accordance with the collective agreements of the metal and electrical industries. The lowest pay grade here is already considerably over the legal minimum wage of € 8.50 per hour. To pay appropriate and fair wages on an international level as well, regular salary studies are made in the relevant countries.

EC 6 Business policy, practices and proportion of expenditure for local suppliers

The selection of suppliers and procurement management focus on criteria such as cost aspects, deadline targets and delivery reliability. In addition, the commitment of suppliers to sustainability is also queried. Hansgrohe prefers non-local suppliers, but works to a certain degree with regional suppliers at our individual sites.

EC 7 Procedures of local hiring and proportion in management positions

When hiring employees, the relevant applicant profile is the crucial aspect for Hansgrohe. Due to the evolved structures, both regional employees and employees, who move to Hansgrohe from further afield, are represented in all levels of the company. Through specific measures of personnel development, management positions are largely intended to be filled from within the company.

EC 8 Development and impact of investments in welfare

Due to the continuous dialogue with representatives of the local communities, Hansgrohe tries to recognise the requirements in the various regions and to support them to a certain degree. Trainers from the Hansgrohe "talent factory" visit schools to enthuse the children and young people about technology and provide information about training options.

In total, Hansgrohe SE donated € 108,812 during the reporting period (donations of items: € 15,821, donations of money: € 92,992). About € 15,000 was donated in 2013 for the "Toilets make School" project by the (GermanToilet Organisation). This amount was largely donated in cash to the winning schools from the previous competition, but also in the form of product donations. The GTO drew attention to the precarious situation in German school toilets with its open competition. The schools could apply with concepts to improve the often terrible state of their toilets.

A donation of products totalling over € 5,000 went to the new building of the cerebral palsy residential home in Renchen. Hansgrohe employees took part in the long jump challenge for UNICEF in Offenburg. Over € 2,000 went to the children affected by the civil war in Syria.

The VfR Elgersweier football team, which has been awarded several sustainability prizes, was supported with water-saving and energy-saving Hansgrohe products totalling over € 1,200 when it made energy-related upgrades to its clubhouse. To ensure water supply for toilets in a school of 1,500 children, a cheque for € 5,350 was sent to the Engineers without Borders of the KIT Karlsruhe for their voluntary work on-site. The money was only used for materials and travel costs.

€ 35,000 was donated to the "Kinder brauchen Frieden e.V." association in Hechingen for all the sanitary facilities, including service provision, of a primary school in Rwanda. Special Hansgrohe fittings with spindle valves were used to meet the local requirements. In total, € 50,000 from Hansgrohe employee donations were used for this project.

Care fittings and shower heads and electric mixers from Hansgrohe and Axor totalling € 3,600 are installed in the Luftikus children's home in Baiersbronn. Long-term ventilated children find a home for the future here.

In two holiday homes, which are also housed in the building, families can find the relaxation they need together with their care-dependent child.

EC 9 Indirect economic impacts

A total of 3,650 employees worked for the Hansgrohe Group worldwide in 2014. In comparison to the previous year, this is an increase of 149 employees or about 4 percent. As a result, Hansgrohe is one of the largest employers at its German sites of Schiltach and Offenburg and an important taxpayer for the local government authorities. The company is also one of the significant training companies in Schiltach and in the region of Kinzigtal. With an apprenticeship quota of 6.6 percent, Hansgrohe traditionally makes large investments in the vocational training of young people. In general, building measures, such as the research and development laboratory currently being built at the Schiltach headquarters, have positive economic developments for the construction and trade companies commissioned with the work. Lots of new developments for more efficient production processes require cooperation with specialist companies from the field of engineering and mechanical engineering. With Hansgrohe as the project partner, interesting economic perspectives are also created for these companies.

The Hansgrohe Aquademie, the visitor and seminar centre with connected Bathroom Museum and changing exhibits, is an important factor in the tourism infrastructure for Schiltach and the region. The number of visitors increased from about 50,000 in 2012 to about 70,000 in 2014. The high number of guests, who travel to Schiltach from all over the world, has an important economic significance for the gastronomy and hotel business located around Schiltach. The many events taking place over the course of the year also have a positive economic aspect for local transport providers and catering companies. The freight traffic in the logistics centre at the site in Offenburg has considerable economic effects on logistics and transport providers. The total freight expenditure in both 2013 and 2014 ran into seven figures.

Environmental protection

Management Approach

The responsible handling of the vital element of water is essential to Hansgrohe. The company understands protecting the environment and the assumption of social responsibility to be important drivers for innovations in products and processes.

The integrated management system at the company headquarters and industrial premises in Germany and France correspond to the international requirements on environmental management systems (DIN EN ISO 14001:2004). Since 2014, the requirements on energy management systems (DIN EN ISO 50001:2011) have been fulfilled at the German industrial premises.

The four sub-sections of the integrated management system: Hansgrohe has quality, environment, energy and occupational safety / health management regularly inspected and certified by independent certification organisations.

In 2014, Hansgrohe successfully had its integrated management system recertified. Since 2014, Hansgrohe SE has fulfilled the requirements on energy management systems at the German industrial premises. In the French production factory, the integrated management system was successfully expanded to include environment management and occupational safety and health protection management in 2014.

Hansgrohe SE fulfils the requirements of the pertinent international regulations:

DIN EN ISO 9001:2008 for quality management systems

DIN EN ISO 14001:2004 for environment management systems

DIN EN ISO 50001:2011 for energy management systems

BS OHSAS 18001:2007 for occupational safety and health protection management systems

At the end of 2014, the integrated management system had the following scope.

Industrial premises	Quality management system	Environment management system	Energy management system	A&G management system
Hansgrohe SE Headquarters	ISO 9001	ISO 14001	ISO 50001	OHSAS 18001
Hansgrohe SE Schiltach West factory	ISO 9001	ISO 14001	ISO 50001	OHSAS 18001
Hansgrohe SE Offenburg factory	ISO 9001	ISO 14001	ISO 50001	OHSAS 18001
Hansgrohe Deutschland Vertriebs GmbH	ISO 9001	ISO 14001	N/A	OHSAS 18001
Hansgrohe SE Alpirsbach factory	N/A	N/A	ISO 50001	N/A
Hansgrohe SE Wasselonne (F) factory	ISO 9001	ISO 14001	N/A	OHSAS 18001
Cleopatra B.V.	ISO 9001	N/A	N/A	N/A
Hansgrohe Sanitary Products (Shanghai) Co. Ltd	ISO 9001	N/A	N/A	N/A
Hansgrohe Inc.	ISO 9001	ISO 14001 (not part of IMS)	N/A	OHSAS 18001 (not part of IMS)

The Hansgrohe Group has set up a "Green Company" steering committee to manage its sustainability performance. This committee is occupied by representatives from production, development, controlling, human resources, public relations and the executive board.

The "Green Company" steering committee meets at regular intervals, adopts sustainability objectives and decides on the execution of sustainable projects. Sustainability controlling will check whether the targets are achieved and, where necessary, corrective measures will be taken.

In the 2013/2014 reporting period, the ecological sustainability performance was essentially realised through energy saving measures. Energy saving measures were initially implemented in the energy management sectors (automatic switching off of unnecessary consumers). While technical facilities were often left active during non-production periods in the past, these are now switched off where feasible. Further savings have been realised in the fields of optimisation of ventilation system controllers and new concepts for compressed air and refrigeration supply.

The administration department has reduced its paper consumption through a number of measures. In December 2014, Hansgrohe adopted a standardised fax, copying and printing concept, for example. In 2014, the Technical Service Centre used paperless documentation and optimised replacement parts packaging. There is no need to attach the technical publication to the products, as the assembly steps are shown directly on the product label.

Ambitious sustainability objectives have been adopted for 2015 to 2017.

EN 1 Materials used

The most important materials used by the Hansgrohe Group are metals, plastics and chemicals. Metals and plastics are mainly used for the manufacturing of washbasin fittings or shower head base plates. Chemicals are mainly used within the galvanisation process to coat the surfaces of brass and plastic base plates. In 2014, the tonnage of used materials, particularly metals, increased due to the development of our own production facilities. The posted goods receipts were used as the database for the raw materials used.

Raw material usage in t					
Year	2010	2011	2012	2013	2014
Metals	2,924	3,042	3,237	3,138	4,349
Plastics	2,224	2,384	2,301	2,154	2,209
Chemicals	1,499	1,384	1,281	1,226	1,234
Total	6,647	6,811	6,818	6,519	7,792

EN 2 Percentage of materials used that are recycled

As part of the moulding procedure of fittings, sprues occur, which are sawn off after the moulded body has cooled and directly reintroduced into the moulding process to some degree. Unfortunately, this proportion cannot be measured at the moment.

EN 3 Direct energy consumption

At the production sites of the Hansgrohe Group, natural gas and heating oil are used as the primary energy resources. Natural gas and heating oil are mainly used to heat buildings meaning that the direct energy consumption of the Hansgrohe Group is heavily dependent on the external temperatures at that time. In 2014, the Hansgrohe Group converted its Alpirsbach site from heating oil to district heating to produce its building heating and process heat. The district heating comes from the combined heat and power plant of a neighbouring business.

Gas					
Year	2010	2011	2012	2013	2014
Germany	81,606 GJ	73,966 GJ	76,840 GJ	74,892 GJ	62,704 GJ
China	772 GJ	506 GJ	1,254 GJ	984 GJ	1,113 GJ
USA	9,775 GJ	3,868 GJ	5,251 GJ	6,925 GJ	8,387 GJ
France	1,854 GJ	1,987 GJ	3,200 GJ	2,803 GJ	1,750 GJ
Netherlands	1,367 GJ	1,367 GJ	1,676 GJ	1,892 GJ	1,797 GJ
Total	95,374 GJ	81,694 GJ	88,220 GJ	87,497 GJ	75,750 GJ

Heating oil					
Year	2010	2011	2012	2013	2014
Total	3,333 GJ	3,135 GJ	2,434 GJ	2,199 GJ	1,234 GJ

The Hansgrohe Group has had photovoltaic systems with a capacity of almost 200 kW in operation at the Offenburg site since the beginning of the 1990s and since 2012 in Schiltach. The energy generated here is used by the company itself.

Photovoltaic systems – energy production					
Year	2010	2011	2012	2013	2014
Offenburg	412 GJ	422 GJ	486 GJ	441 GJ	409 GJ
Schiltach			117 GJ	129 GJ	135 GJ
Total	412 GJ	422 GJ	603 GJ	571 GJ	543 GJ

EN 4 Indirect energy consumption

In 2014, electricity consumption made up the greatest proportion of energy consumption within the Hansgrohe Group. The electricity consumption at the Hansgrohe Group is heavily dependent on the capacity utilisation and sales quantity. The electricity consumption increased during the reporting period, particularly as a result of the construction of the Group's own production department. In the consumption of 2010 to 2014, the cost transfer of electricity consumptions to third parties must be taken into consideration.

Electricity					
Year	2010	2011	2012	2013	2014
Germany	120,446 GJ	126,705 GJ	129,182 GJ	122,882 GJ	125,417 GJ
China	36,184 GJ	39,110 GJ	41,145 GJ	47,101 GJ	54,978 GJ
USA	14,398 GJ	15,599 GJ	15,297 GJ	14,778 GJ	14,033 GJ
France	2,365 GJ	2,691 GJ	3,334 GJ	3,227 GJ	2,979 GJ
Netherlands	1,252 GJ	1,213 GJ	1,092 GJ	1,115 GJ	1,053 GJ
Total	174,645 GJ	185,317 GJ	190,051 GJ	189,102 GJ	198,461 GJ

EN 5 Energy savings

Hansgrohe focuses its energy management measures on three columns: Saving energy, increasing energy efficiency and using regenerative energies. The Plus21 Database has been used at Hansgrohe to improve efficiency since 2001. This database was expanded in such a way in 2010 that energy savings can be proven.

Difficulties in identifying the savings from products projects arise for measures relating to the insulation of buildings. Concrete identification of the saved energy is only possible with difficulty.

In 2014, the integrated management system at the German production sites of the company was supplemented by an energy management system. This fulfils the requirements of DIN EN ISO 50001:2011 and is based on comprehensive energy data acquisition. Through this, internal energy flows will be transparent and improvements in energy use and consumption will be determined.

Focal areas were identified to effectively increase the energy efficiency in production and administration. These have been sensitised specifically in their handling of energy. In a second step, energy projects are being developed here.

In 2013, the Hansgrohe Group saved approx. 3,380 GJ of electrical energy. These savings were mainly achieved through measures in lighting (replacement of bulbs), a new compressed air concept and measures in energy management (automatic deactivation of consumers). 294 GJ were saved in thermal terms in 2013.

In 2014, the saving was approx. 2,294 GJ of electrical energy.

These optimisations come mainly from the renovation of the air conditioning, energy measures and the optimisation of the ventilation systems. Approx. 76 GJ were saved in smaller thermal projects in 2014.

EN 6 Energy-efficient products and services

Climate protection now plays an important role in most markets. For many years, the Hansgrohe Group has provided a multitude of products with water-saving and energy-saving functions.

These can reduce energy consumption and CO₂ emissions in two ways: Due to the lower hot water requirement, less energy is needed for showering and hand-washing. The energy requirement for the preparation, transportation and distribution of drinking water is also reduced. This scope of influence concerns all brands: Hansgrohe, Axor and Pharo offer water-saving fittings and shower heads, while Pontos provides water recycling systems. As the life span of all products is very long, the CO₂ savings mount up considerably.

A sophisticated flow limiter, special jet nozzles and the admixture of air – in short: the Hansgrohe EcoSmart technology – ensures that water consumption when showering can be limited to up to six litres/minute, while the high level of comfort remains the same. As a result of the up to 60 percent lower consumption in comparison to conventional shower heads, the main saving is hot water along with energy – a daily contribution to the reduction of CO₂. Since 2010, the washbasin fittings have been limited to a flow of about five litres per minute as standard using a newly developed aerator on the outlet – this is about 30 percent less than previously. During the reporting period, Hansgrohe has further expanded its range of water-saving and energy-saving EcoSmart products. For example, the new Logis fittings range has been equipped with EcoSmart technology. Since recently, the Croma Select hand showers and rainhead showers have also been available as EcoSmart models.

The company explains the connection between saving water and climate protection for its customers in a number of marketing tools, giving fitters the clear arguments in favour of using more efficient bathroom products. The Hansgrohe CoolStart technology, which has been available for the majority of fittings ranges since 2012, shows how resources can be preserved with simple, but impressive ideas. With conventional washbasin fittings, mixed water is automatically drawn from the middle position of the fitting. With CoolStart, only cold water is available from the neutral, middle position. As a result, the pipe system is not longer unnecessarily filled with hot water and boilers and circulating pumps do not have to start up especially. In this way and through the lower hot water consumption, the energy demand and CO₂ emissions are reduced. In a four-person household, about 163 kilograms of CO₂ can be saved each year; the annual energy costs could be reduced by up to 64 Euro (based on an estimated 20 tapping processes per person / day each of 20 seconds and two fittings in the four-person household, average values from five different types of heat).

Thanks to its special construction, the washbasin mixer of the new Axor Starck Organic bathroom collection can be moulded with about a third less brass – and consequently far lower energy consumption – than a conventionally produced model. Decoupled water circuits inside the fitting prevent direct contact between the water and the body of the fitting. Sustainable, responsible handling of water and energy make the efficient shower-like jet with its low water flow of just 3.5 litres/minute and separate control of water and temperature possible.

In Germany, about a third of resource consumption and CO₂ emissions trace back to buildings. For this reason, certifications for sustainable buildings play an increasingly important role, in the hotel industry as well. A setscrew in the certification process can be the optimisation of

water and energy consumption. For the hotel industry, Hansgrohe offers an "EcoSmart Check Package" at <http://pro.hansgrohe-int.com/eco-smart-check>, which helps to determine the individual water consumption and possible savings. An online savings calculator shows the possible savings for all consumers: <http://www.hansgrohe-int.com/savings-calculator>

EN 7 Initiatives to reduce indirect energy consumption

As well as the measures explained in EN 5 to increase efficiency, the Hansgrohe Group is also interested in keeping the overall energy use for the produced products as low as possible from the very beginning. The new Axor Starck Organic mixer is an example of this. The hollow structure of the body can save about thirty percent of the materials used, thus improving the energy balance in the production process.

The Hansgrohe travel policy instructs its workforce to use public transport if this is economically possible. Otherwise, company vehicles can be used. Due to the relevant IT solutions, Hansgrohe employees have the opportunity of exchanging information with international colleagues and external persons via web conferences to reduce any unnecessary travel expenditure.

Another initiative to reduce the indirect energy consumption is the free issue of the Jobticket to use public transport, which was mentioned in EC 3 and EN29.

Further savings from the logistics and supply chain sector can be found in Indicator EN 29.

EN 8 Total water consumption, classified by source

The Hansgrohe Group mainly uses water from the public network. In addition, very small quantities of well water are used, which are negligible due to the proportions.

Almost 70 percent of the water used at the German sites is needed for the research & development laboratory and galvanisation process. The remaining 30 percent is used in other production processes, for cooling or for presentation purposes in the "ShowerWorld".

Water					
Year	2010	2011	2012	2013	2014
Germany	124,782 m ³	116,723 m ³	115,339 m ³	108,997 m ³	117,190 m ³
China	56,698 m ³	48,855 m ³	41,618 m ³	48,904 m ³	53,088 m ³
USA	5,833 m ³	8,394 m ³	7,326 m ³	5,777 m ³	6,365 m ³
France	662 m ³	378 m ³	1,032 m ³	834 m ³	402 m ³
Netherlands	588 m ³	588 m ³	392 m ³	814 m ³	677 m ³
Total	188,563 m³	174,938 m³	165,707 m³	165,326 m³	177,722 m³

As well as the test facilities (Hansgrohe laboratory), galvanisation processes are especially intensive in terms of use.

Water consumption relating to the tonnage of produced product fell by 21 percent in 2014 in comparison to the reference year of 2010.

EN 9 Water sources affected by withdrawal of water

During the reporting period, no fundamental withdrawal from sensitive water sources has taken place.

EN 10 Recycled and reused water

As previously mentioned in EN 8, two technology processes create the majority of water consumption within the Hansgrohe Group. Within the last few years, many investments have been made, especially in the field of surface technology, in order to constantly minimise the water requirements. Among other things, various filter techniques and an ion exchanger system are in use to extend the service life of the baths used in the galvanisation surface coating procedure. The longer the life of the baths, the lower the fresh water demand and, as such, the water demand per produced sub-assembly.

Multi-stage basins for the galvanisation surface coating system reduce water consumption considerably when rinsing semi-finished products.

At the moment, it is not possible to quantify the savings generated by these measures, as there are no measuring devices attached to the systems. For 2015, the Hansgrohe Group has closed the water cycle in the research and development laboratory through a new energy concept, meaning a significant saving is anticipated in 2015

EN 11 Use of space in conservation areas

The industrial area in Offenburg-Elgersweier is located within a Level 3b water protection area. The Hansgrohe Group's Offenburg production site is located within this protection area. There is no reason to believe that the activities of Hansgrohe endanger this area.

EN 12 Impacts on biodiversity in protected areas

The production, products and services of the Hansgrohe Group are harmless for protection areas or areas with a high degree of biodiversity. As a result, the Hansgrohe Group does not consider this indicator to be significant.

EN 13 Protected or restored natural habitats

The production, products and services of the Hansgrohe Group are harmless for protection areas or areas with a high degree of biodiversity. As a result, the Hansgrohe Group does not consider this indicator to be significant.

EN 14 Strategies and management of effects on biodiversity

The production, products and services of the Hansgrohe Group are harmless for protection areas or areas with a high degree of biodiversity. As a result, the Hansgrohe Group does not consider this indicator to be significant.

EN 15 Endangered species with habitats in areas affected by operations

The production, products and services of the Hansgrohe Group are harmless for protection areas or areas with a high degree of biodiversity. Species on the IUCN Red List are not at risk. As a result, the Hansgrohe Group does not consider this indicator to be significant.

EN 16 Direct and indirect greenhouse gas emissions

The total CO₂ emissions from indirect and direct energy rose by 1.7 percent in 2014 in comparison to 2012. On one hand, this is due to the increased production and expansion of capacity. On the other hand, the conditions of electricity purchase have changed. Due to the energy turnaround in Ger-

many, the proportion of lignite and hard coal fired power stations used to produce electricity has increased, which has led to higher carbon dioxide emissions. The emissions due to heating oil are taken into consideration in the direct CO₂ emissions for the period of 2010 to 2014.

Direct CO₂ emissions					
Year	2010	2011	2012	2013	2014
Germany	4,943 t	4,493 t	4,578 t	4,441 t	3,652 t
China	43 t	28 t	70 t	55 t	62 t
USA	549 t	217 t	295 t	389 t	471 t
France	104 t	111 t	180 t	157 t	98 t
Netherlands	77 t	77 t	94 t	106 t	101 t
Total	5,716 t	4,927 t	5,216 t	5,148 t	4,384 t

Indirect CO₂ emissions from electricity purchase					
Year	2010	2011	2012	2013	2014
Germany	8,457 t	11,132 t	17,437 t	14,600 t	15,944 t
China	7,920 t	8,561 t	9,006 t	10,310 t	12,034 t
USA	2,703 t	2,929 t	2,872 t	2,775 t	2,635 t
France	60 t	68 t	84 t	81 t	75 t
Netherlands	134 t	130 t	117 t	120 t	113 t
Total	19,275 t	22,820 t	29,517 t	27,886 t	30,801 t

EN 17 Other relevant greenhouse gas emissions

No other relevant greenhouse gases are emitted within the Hansgrohe Group. There is currently no quantitative evaluation about the relevant greenhouse gases along the entire delivery chain.

EN 18 Initiatives to reduce greenhouse gas emissions and reductions achieved

See Indicator EN 5.

EN 19 Emissions of ozone-depleting substances

No other ozone-depleting substances are emitted within the production process of the Hansgrohe Group. Ozone-depleting substances are not emitted within the usage phase of the products. There is also no quantitative evaluation along the entire delivery chain.

EN 20 NO_x, SO_x and other significant air emissions

Nitrogen oxide is emitted during the galvanisation surface coating procedure. The emitted nitrogen oxides are cleaned using exhaust fans. Regular checks of the system and measurements of waste air take place. These fall considerably below the legally defined thresholds.

Dust is created during the grinding and polishing procedure in the production of brass products. This dust is removed by the extraction system of an exhaust air cleaning plant. Measurements of the waste air take place at regular intervals. These fall considerably below the legal thresholds defined in Germany.

EN 21 Total waste water discharge

During the reporting period, no unplanned discharge of waste water took place. In principle, the planned wastewater discharge conforms to the related water quantity of the local facilities (see Point EN 8). The waste water discharge quantity is lower as a result of process-related evaporation.

As mentioned previously in EN 8, the research and development laboratory and the galvanisation processes are the primary water consumers.

The water in the R&D laboratory is mainly used for testing the products and discharged directly into the local waste water network.

The waste water from the galvanisation processes is treated and only discharged into the municipal waste water network after careful inspection.

EN 22 Total weight of waste by type and method of disposal

The quantities of hazardous waste in 2014 could be reduced by 13 percent in comparison with 2012 and by 23 percent in comparison with 2010.

The total waste amounts in 2014 could be reduced by 10 percent in comparison with 2010.

Year	2010	2011	2012	2013	2014
Hazardous	1,747	1,471	1,552	1,585	1,350
Non-hazardous	4,095	4,108	3,865	3,541	3,895
Total	5,842	5,579	5,417	5,126	5,245

EN 23 Total number and volume of significant spills of hazardous substances

No significant spillage of hazardous substances occurred during the reporting period.

EN 24 Transported, imported, exported or treated hazardous waste

The total volume of waste (see EN 22) of the Hansgrohe production sites is disposed of within the country of origin by a waste disposal company.

No waste is transported beyond the country's boundaries.

EN 25 Water bodies and related natural habitats affected by the waste water discharge

During the reporting period, no significant unplanned or planned waste water discharge into water bodies or related natural habitats occurred within the Hansgrohe Group.

EN 26 Initiatives to reduce environmental impacts of products and services

The environmental impacts of a product can be influenced as early on as the development phase. A life cycle assessment carried out in 2011 for various Hansgrohe shower heads showed that about 25 litres of water are needed for the production and disposal of a shower head. The required water volume during the usage phase is considerably more than that of the production and disposal process. For this reason, it is important to provide the products with water-saving functions.

Further information on energy-efficient products can be found in Indicator EN 6.

As well as the focus on the water consumption of the products, the materials and chemicals used in the production process also play a decisive role in the environmental impact of the products. We strive to achieve a constant reduction in the hazardous substances used through measures of the EHS manager represented at the production sites. For example, the quantity of hazardous substances used in Germany has been reduced by about 17 percent since 2010.

Furthermore, an extensive product risk analysis is carried out. More information about product responsibility can be found in Indicator PR1.

EN 27 Percentage of products sold, for which the packaging materials are reclaimed

Hansgrohe is obligated to participate in the take-back system in all countries, in which its packaging material is put into circulation. There is currently no quantitative evaluation of this data.

EN 28 Fines and non-monetary sanctions for non-compliance with environmental laws and regulations

There were no incidences of infringements on legal regulations in the environmental sector during the reporting period.

EN 29 Environmental impacts of transporting products, materials and employees

In 2014, a total of 8,583 tonnes of CO₂ was emitted through logistics processes. This is a drop of 16 percent in comparison with the last reporting period of 2012 and a good result for the Hansgrohe Group in view of the increasing tonnage of produced products.

The transport-related CO₂ emissions could be reduced despite the increasing tonnage of produced products, as a result of packaging optimisations which were initiated in 2013. Due to the new planning systems, the proportion of emissions caused by the more environmentally-friendly sea freight could be increased from 8.3 percent in 2012 to 11.1 percent in 2014. At the same time, the proportion of air freight emissions was reduced by 4.3 percent in comparison with 2013. Another contribution made by the Hansgrohe Group to reducing CO₂ emissions is the free Jobticket issued to Hansgrohe employees. The Ticket allows employees to use public transport from their home to their place of work. In addition, Hansgrohe also subsidises some bus routes to achieve a better connections between the factories and the local public transport.

CO ₂ emissions logistics					
Year	2010	2011	2012	2013	2014
Air freight	6,473 t	6,668 t	7,045 t	6,134 t	5,559 t
Land freight	1,391 t	1,573 t	1,591 t	1,597 t	1,447 t
Sea freight	613 t	724 t	847 t	937 t	955 t
KEP	685 t	730 t	714 t	648 t	622 t
Total	9,161 t	9,695 t	10,198 t	9,315 t	8,583 t

EN 30 Expenditure and investments for environmental protection

In the 2013/2014 reporting period, environmental protection investments were made totalling approx. € 0.9 million. The environmental protection investments include investments in more environmentally-friendly systems, in measures to improve processes if they contribute to environmental protec-

tion and investments in software and training which assist with environmental protection. Costs of € 0.96 million in 2013 and € 0.90 million in 2014 arose at the German production sites for the disposal of waste and the waste management system.

The Environment, Health and Safety department generated costs of approx. € 1.3 million in the reporting period. These costs are for health, safety and environmental protection

Work Experience Placements and decent Job Conditions

Management Approach

The Vice President Human Resources, who answers directly to the chairperson of the executive board, is responsible for work experience placements within the Hansgrohe Group. "Growing together with our employees, not at their cost," is the motto of the Hansgrohe Group. Committed and motivated employees living the value-based tradition at Hansgrohe act as ambassadors of the company and are a key component for successful, sustainable business activities.

The challenges of the demographic change will shape personnel work in the 2020s. To set the right course today, a Demographics study group was set up in 2014 and the demographic situation in the German divisions was systematically analysed. Fundamental fields of action (e.g. "Attracting and Retaining Employees", "Preserving Knowledge and Developing Employees") were identified and summarised in a Demographic road map for the coming years. Another change to the working world has arisen due to the increasing globalisation of the Hansgrohe Group. Both the employee qualification requirements and qualities of the employer are changing.

Since the first employee survey in November 2011, six project teams have implemented the suggestions of our workforce throughout the divisions to increase employee satisfaction and, as such, our appeal as an employer. They extend over the fields of compatibility of job & family, working environment, management, perspectives, corporate activities and corporate culture. As well as making working hours more flexible, offering possible use of home office working, providing services such as childcare in the Easter and summer holidays, crèche and nursery places and information folders for parents-to-be, Hansgrohe also offers Hansgrohe social counselling. In doing so, our employees are supported in successfully marrying their professional and private lives together. A social advisor supports and provides advice about professional and private questions, topics and problems, develops solutions in collaboration with employees and helps to refuel. The services are being received well by employees. The second employee survey took place between 24th October and 28th November 2014. The results of the survey were communicated to all employees in July 2015.

Hansgrohe is also taking its responsibility seriously as one of the leading training companies in the region, in which young people can choose from a range of more than 30 trades and dual study modes. With a total of 145 apprentices, the apprenticeship quota at the German sites is currently 6.6 percent. We were able to welcome 43 new apprentices on 1st September 2014 when the new apprenticeships began. As well as opportunities to work abroad, social competence, presentation skills, ICT knowledge and health issues are dealt with in the diverse apprenticeship curriculum. As a company with SME structures and mind-sets, Hansgrohe can individually adapt to the needs of its employees and illustrate specific career paths. Whether for apprentices, career entrants, trainees, specialists or management – the continual development of employees is very important at Hansgrohe. The personnel development department plans individual development measures specifically to meet requirements in cooperation with employees and their managers. Whether it's talent management, trainee programmes, management development or target group specific qualifications – the company invests in the future of its employees. Depending on the objective, the internal or external training and support measures can be professional training. In addition, Hansgrohe focuses on recruiting management from within the company. Accordingly, people of high potential are detected within the company and supported. In total, Hansgrohe employees at the German sites received an average of 1.5 training days in 2014 (2013: 1.6 days/employee). International employees take advantage of the training held in the Schiltach headquarters, such as the INIT (International Introduction Week) and competence training on marketing, project management and project business issues.

Equal opportunities and diversity are guaranteed within the Hansgrohe Group due to the prevalent corporate culture. The ERA-TV payment system used at the German sites, which is bound by collective agreement, guarantees performance-based and fair payment.

Pay and promotion focus purely on performance criteria.

Since 30th April 2015, the Hansgrohe Group has been obligated to publish targets concerning the employment of women in management positions. Hansgrohe has set up a work group to this end. This study group goes beyond the statutory consideration of two levels below board division in its inspections.

Traditionally, Hansgrohe employees at the German sites are given a share in the company's success each year. In 2014, a bonus totalling € 1.25 million was paid out.

LA 1 Total workforce by employment contract and region

A total of 3,650 employees worked for the Hansgrohe Group worldwide in 2014. In comparison to the previous year, this is an increase of 149 employees or about four percent. 2,202 people were employed at the German sites within Hansgrohe SE and the Hansgrohe Deutschland distribution company. This means around 60 percent of employees were working within Germany. The majority of employees work in the production areas (57 percent), followed by management, marketing, distribution and research and development. The proportion of female employees in Germany was 40.7 percent in 2014 (2013: 40.5 percent). There were 145 young people employed as apprentices at the beginning of the training year in September 2014 (2013: 137). This results in an apprenticeship quota of 6.6 percent. (2013: 6.3 percent).

	2013	Share in %	2014	Share in %
Europe	2,806	80%	2,857	78%
Asia	236	7%	486	13%
America	402	11%	248	7%
Africa	54	2%	55	2%
Australia	3	0%	4	0%
Total	3,501	100%	3,650	100%

LA 2 Workforce fluctuation

Traditionally, employee fluctuation within the Hansgrohe Group is low. For example, it was 1.8 percent in Germany in 2014 (2013: 1.7 percent). The fluctuation rate is calculated as the number of employees leaving the company multiplied by 100 in relation to the total number of employees. For example, people with termination agreements, temporary contracts or those retiring are not taken into consideration. The table below shows the international fluctuation rate for the international production sites.

Country/Year	2013	2014
Germany	1,7%	1,8%
USA	4,2%	3,5%
France	2,4%	1,6%
Netherlands	1,5%	0,0%
China	8,0%	5,7%

LA 3 Benefits only provided to full-time employees

In principle, all employees of the Hansgrohe Group are afforded the same benefits - whether they are full-time or part-time. For employees with temporary contracts, different agreements are in place, for example with regards the company pension.

At the moment, this statement only concerns the German sites of the Hansgrohe Group. Other regulations pertaining to labour law and collective agreements apply internationally, where applicable.

LA 4 Percentage of employees covered by collective bargaining agreements

Almost two thirds of the employees within the Hansgrohe Group are covered by collective bargaining agreements. In Germany, almost 93 percent of employees are covered by contracts determined by collective bargaining.

LA 5 Notice periods regarding significant operational changes

The notice periods at the German sites are regulated both by law (Betriebsverfassungsgesetz – German Works Council Constitution Act) and by collective bargaining agreements. However, the Hansgrohe Group also provides the workforce with good notice about significant operational changes at sites, where there are no legally prescribed notice periods. As well as regular works meetings and open “Dialogue with the Management Board” talks, the Hansgrohe intranet and “hans!” employee newsletter are available as means of communication.

LA 6 Percentage of workforce represented in health and safety committees

Each of the Hansgrohe Group production sites has at least one person responsible for the field of Environment, Health & Safety (EHS), who deals with issues of occupational health and safety for the relevant factory and who is responsible for the inspection of and compliance with local HSE regulations. All production site employees are represented by the EHS coordinators in terms of occupational health and safety. Almost 80 percent of the total workforce is represented in the production sites.

The organisation of the EHS team within the company’s American subsidiary can be taken as an example. In total, there are three committees, which deal with strategic and operative issues. This includes the definition of objectives and measures in the field of EHS, their continual inspection, rapid exposure and rectification of occupational safety risks and specific project-related activities. All employees are provided with information about safety-relevant issues during their annual training. Depending on their employment, this is carried out either as online or group training.

LA 7 Injuries, occupational diseases, absences and total work-related deaths

With 3.4 percent, the sick absence rate of the Hansgrohe Group in 2014 was below the previous year’s total of 3.7 percent. The sickness absence rate is calculated by working out the ratio of paid sick days to actual planned workdays. Unpaid sick, working and commuting accidents, treatment measures and rehabilitation measures are not taken into account here.

Accidents					
Year	2010	2011	2012	2013	2014
Accidents	35	32	37	32	17
LTIR	1,21	1,05	1,22	1,13	0,56

LTIR-relevant accidents have fallen continually since 2012. The number of accidents has almost halved from 2013 to 2014. A number of measures, such as detailed briefing of external employees and audits on occupational safety have contributed to this pleasing development. To calculate the LTIR, only accidents which lead to at least one lost working day are taken into consideration. The objective for 2014 was to have an LTIR < 1. This objective was achieved in 2014. There were no deaths within the reporting period.

LA 8 Health care and counselling

As in the previous years, the reduction of illness-related absences in production and logistics was the focus of the collaboration between the management and HR. Furthermore, a central challenge will be to improve the number of staff sick days through targeted measures working with the health management department. Examples of this are the "Fit in Production" campaigns in the rod mounting department at the Offenburg factory and in the Axor assembly section at the Schiltach West factory. The aim of the measure is to provide employees with extensive information on the subject of "Back Health". In training sessions, employees were shown and given demonstrations on the individual possibilities to protect your musculoskeletal system in the specific field by physiotherapists with the help of photos and film sequences of the workplaces. In addition, a number of ergonomic improvements were developed and implemented together. This includes continuous floor mats, signage for workplaces with heavy weights and changes to the material provisions.

The subject of "Dealing with Mental Illnesses" is also continuing to gain in importance. The focus of the measures was the introduction of the mental health risk assessment by the EHS department in collaboration with the company doctor. Furthermore, a standardised procedure to deal with mental illnesses was defined and the roles of those involved were determined.

LA 9 Health and safety agreements with trade unions

A high health and safety standard is a fixed component of the quality and risk management system at all Hansgrohe sites. The company works with the authorities, trade unions and professional unions to adapt to each specific country. The local representatives for the Environment, Health and Safety department ensure that all legal occupational safety regulations are complied with, see LA6.

LA 10 Further training and education measures

In light of the emerging shortage of skilled workers as a result of demographic development, the Hansgrohe Group understands that targeted personnel development and systematic talent management are significant strategic factors for success. Another important aspect here is the further training and education of employees.

In September 2014, a total of 145 apprentices were employed in over 30 trades and dual study modes. This corresponds to an apprenticeship quota of 6.6 percent. Hansgrohe is continuing to invest heavily in the vocational training of young people. Hansgrohe ensures the further training of employees through various internal and external training services. For example, talent is encouraged and prepared for management functions through the "New In the Management Role" programme.

LA 11 Skills management and lifelong learning

The Hansgrohe Group recognised the demographic development discussed in LA10 early on. The personnel department records the development needs of all employees using strategic personnel planning, regardless of their age. Measures are then implemented specifically, on a demand basis and relating to the target group or theme.

At the same time, Hansgrohe supports its claim to its employees of "life-long learning". At the "Further Training@Hansgrohe" event, experienced employees were invited to find out about specialist further training, which facilitates "life-long learning" for them and helps them stay "fit for their job". On this day, colleagues reported about the further training possibilities at Hansgrohe on the basis of their own experiences and career paths.

Furthermore, the Hansgrohe Group is also committed to reintegrating employees with a reduced capacity to work as part of the FILM programme (Promotion and Integration of Employees with a Changed Capability).

As part of the strategic personnel planning, regular key positions of the company are also covered. To retain knowledge in the company, the age-related success of knowledge carriers is considered early on in individual cases and the timely development of a successor is planned so that there

is a shared transition and take-over period. Furthermore, an agreement is made with some knowledge carriers who are retiring that they will return temporarily or for specific tasks or projects.

LA 12 Employee performance and career development reviews

All employees who are employed through collective bargaining agreements receive an annual performance review, on which their performance-related pay which is governed by a collective bargaining agreement is based. The performance evaluation is carried out with the employee's manager. During this evaluation, the current performance is assessed and the targets and measures to achieve the goals are specified. Apprentices receive regular performance evaluations as part of their training plan.

LA 13 Diversity in the workforce and governance bodies

The age structure, gender distribution and number of regions, from which employees come, are indicator of the diversity of employees within the Hansgrohe Group.

In the reporting period, the Hansgrohe Group employed people from more than 30 nations. The proportion of women in management positions is currently 11.3 percent. There is still plenty of scope for action here. However, from the company's point of view, an enforced quota of women would be the wrong path to take. Like their male colleagues, female employees must be prepared for a career move in a performance-based process. The quota of women in the Hansgrohe trainee development programmes, which prepare talented employees for upcoming management functions, is already more than 20 percent.

To further increase the number of female applicants in the commercial and technical sector, the first female campaign day "Mädchen haben´s drauf" took place in October 2014. 29 female participants sniffed the "technical air" in the Hansgrohe "Talent Factory", the training centre. Apprenticeship contracts (as mechatronics engineer and industrial mechanic) could be concluded with two of the participants to commence in 2016.

The Hansgrohe Group is also committed to ensuring a diversity in technical trades away from its doors. For example, Hansgrohe trainers frequently attend technology lessons to encourage female school leavers to pursue technical professions.

LA 14 Ratio of basic salary of men to women

Almost two thirds of all employees within the Hansgrohe Group are employed through collective bargaining agreements. Within the collective bargaining agreements, remuneration is specified in accordance with various pay grades to ensure that men and women are treated equally. Fair and equal remuneration of men and women is standard at Hansgrohe. Salaries are based on the performance given by an employee or the level of responsibility in the relevant position.

Human Rights

Management Approach

The responsibility for human rights issues at Hansgrohe is shared by the Human Resources department, Purchasing department and in the legal department of the majority shareholder Masco that Hansgrohe depends upon.

The Hansgrohe Group supports and respects compliance with international human rights in all respects. The company is committed to being an exemplary, reliable and fair business partner and employer. This principle is anchored as a central theme in the Hansgrohe corporate philosophy. In addition, the Code of Business Ethics of parent company Masco stipulates the relevant guidelines and ensures that Hansgrohe is not involved in any infringements of human rights during its business activities.

In the Masco framework contract for suppliers and the SBPP (Supplier Business Practices Policy), agreements are made with suppliers with regards compliance with human rights, see HR2.

HR 1 Inspection of investment agreements for human rights aspects and clauses

Compliance with international human rights is a matter of course for the Hansgrohe Group. There are no investments agreements, which are critical in terms of human rights aspects. The framework conditions explained in HR2 apply for our suppliers.

HR 2 Inspection of suppliers for human rights aspects

The “Masco Corporation Regulations for Business Methods of Suppliers” are a fixed component of all framework delivery contracts of the Hansgrohe Group. These regulations are also a component when acquiring and approving a supplier and have been agreed previously with the top 100 suppliers, which corresponds to about 90 percent of our entire purchasing volume. In countries, which are rated rather critically, a further inspection of the suppliers for compliance with the guidelines is carried out on-site by our majority shareholder, the Masco Corporation. The guidelines for our suppliers can be seen at <http://masco.com/suppliers-policy/>.

HR 3 Employee training on human rights

The “guiding principles of a sustainable company” of the Hansgrohe Group and the ethics guidelines of parent company Masco are accessible to all employees via the intranet. As part of general training, employees are sensitised to the issue of human rights.

From 2015, these guidelines will be replaced by the corporate policy.

HR 4 Incidents of discrimination and actions taken

The Code of Business Ethics of shareholder Masco (<http://masco.com/about/corporate-governance/>) also covers the exclusion of all discrimination. Decisions about the selection, place of employment and remuneration of employees in the company are made exclusively on the basis of qualifications and work performance. Hansgrohe employees have the opportunity to report any infringements of these rules via an “Ethics Hotline”. As part of general training, employees are sensitised to the issue of discrimination. No incidents of discrimination are known to Hansgrohe during the reporting period.

HR 5 Business activities identified where freedom of association or the right to collective negotiations could be jeopardised

All Hansgrohe employees are free to join trade unions, associations and organisations at any time. The rights to freedom of association or collective negotiations are not restricted.

HR 6 Business activities identified as having a risk of child labour

The exposure of the Hansgrohe Group to child labour is considered low due to the industry and the countries, in which business activities are carried out, as well as the high quality requirements. The Hansgrohe Group declares itself categorically against child labour. Suppliers of the Hansgrohe Group are questioned regarding this, see HR2.

HR 7 Business activities identified as having a risk for incidents of forced or compulsory labour

The exposure of the Hansgrohe Group to forced or compulsory labour is considered low due to the industry and the countries, in which business activities are carried out, as well as the high quality requirements. The Hansgrohe Group declares itself categorically against forced labour. Suppliers of the Hansgrohe Group are questioned regarding this, see HR2.

HR 8 Human rights training of security personnel

The Hansgrohe Group is not dependent at any of its international sites on special safety precautions to avoid the risk of human rights infringements. For this reason, this Indicator is considered irrelevant for the business activities of the Hansgrohe Group.

HR 9 Violations involving rights of indigenous people

The Hansgrohe Group does not have a branch in any relevant regions.

Society

Management Approach

In terms of its business activities, the Hansgrohe Group wants to be a role model for ethical, environmentally-friendly and socially responsible economic activity. The Code of Business Ethics of shareholder Masco (<http://masco.com/about/corporate-governance/>) highlights the principles and guidelines for the scope of action. The Masco legal department is available for any issues of social responsibility. All employees are encouraged in regular training sessions to report any illegal, unethical or other dubious actions. For this purpose, an ethics hotline has been set up.

Proper behaviour and fair handling of employees and customers are significant components in the corporate culture. Both internally and externally, the basis is an open, transparent and fair dialogue in order to include the suggestions and requirements of stakeholders. The behaviour of the company and its employees as per the Business Ethics guidelines prohibit any form of corruption. Globally fair competitive conduct is an important principle of the company.

SO 1 Effects of business activities on communities or regions

After significant changes and on a rotation of three years, Hansgrohe provides the residents of local communities with information about safety measures and how to deal correctly with any operational disruptions as part of the Hazardous Incident Ordinance (12th regulation of the Federal Immissions Control Act) (see LA 7). The latest information was distributed to the citizens of Schiltach and Offenburg-Elgersweier in 2013.

SO 2 Business units, which have been investigated for corruption risks

Internal training about various issues is provided to Hansgrohe employees. This must be completed every year (see SO3). Inspection of the individual business units occurs during the management audit.

The "Masco Corporation Regulations about Business Methods of Suppliers" and the "Masco Supplier Business Practice Policy" apply for our suppliers (see HR 2).

SO 3 Employee training in anti-corruption

All management and administration employees undergo training each year on the following issues:

- Masco Ethics
- EU Competition Law
- Antitrust
- EU Data Protection
- Financial Integrity
- Anti-Bribery

Employees are obligated to complete the training within a certain amount of time via an online portal.

In the run-up to the ISH sanitation trade fair, which takes place every two years, training on legal issues is also carried out on behalf of Hansgrohe by a Masco in-house lawyer for all employees who will work at the trade fair.

SO 4 Incidences of corruption and measures taken

There were no incidences of corruption during the reporting period.

SO 5 Political positions and participation in forming of political will and lobbying

The company acts in an apolitical way and does not participate in lobbying. However, Hansgrohe gives an opinion of political decisions if the company or its employees are affected significantly by this.

SO 6 Contributions to parties and politicians

Hansgrohe does not donate to parties, individual politicians or people who are applying for a political position.

SO 7 Legal actions for anti-competitive behaviour

No legal action was taken against Hansgrohe due to anti-competitive behaviour during the reporting period.

SO 8 Fines for non-compliance with laws and regulations

There were no significant fines due to non-compliance with laws and regulations during the reporting period.

Product Responsibility

Management Approach

As an essential part of the quality guidelines, Hansgrohe continually accompanies the product creation process with analyses and optimisations relating to product safety and quality. This ensures that all standards and legal guidelines are complied with in all the countries, in which the products are distributed. Many products are also inspected by external licensing offices. During the development phase, research, development, product management and application technology teams work with an FMEA, a Failure Mode and Effects Analysis, which is designed to preclude any quality risks in the development and production phase and during use by the consumer. As well as the FMEA, a risk assessment is carried out for each new product. This interlocking quality and risk management is used to fulfil customer demands on functionality, reliability and application and product safety to the highest standard possible as well as to comply with the national legal standards. Hansgrohe focuses on in-house standards, which are intended to guarantee standardised product development, production and quality standards. This also defines that all products should be designed to be as global as possible, in order to cover as many different countries' requirements at the same time.

In addition, Hansgrohe works actively against product counterfeiting. In this way, potential customers can be made aware of the existence of such plagiarisms, which do not conform to the high quality standard of Hansgrohe products. At the same time, customers can be protected against the risk of what is often a lower quality of plagiarisms.

Products are manufactured under regulated and monitored conditions. All the production sites for the group's sanitary products fulfil the requirements for quality management systems (DIN EN ISO 9001:2008). Hansgrohe's labelling obligation for products and services arises from laws, guidelines and standards. There were no infringements on the labelling obligation during the reporting period.

The sub-departments of the Technical Service Centre (TSC) accompany the market launch of all Hansgrohe and Axor products: In extensive field tests with customers and in the limescale laboratory, products are tested in practice before their market launch. Prototype tests, international product releases, product audits, database analyses and risk analyses take place during the application technology process. Technical consultation and complaints are dealt with by the top-class service of the TSC. The top-class service can be accessed by all customers worldwide via a hotline in Schiltach, available seven days a week, 24 hours a day. In addition, there is also a service hotline for every subsidiary between normal business hours. Errors are analysed and sustainable solutions are developed. Hansgrohe voluntarily offers consumers a manufacturer's guarantee of five years. There is a 15 year availability guarantee for all replacement parts.

Every year, technical training takes place for technicians, product consultants and sales staff at the international Hansgrohe branches. These training sessions provide information about the latest technology and the current requirements of and changes to standards. At the same time, the product managers in Germany obtain information about country-specific installation types and technical challenges. This information from the markets is then incorporated into the product creation process or can initiate product optimisations.

Through e-learning and training about Hansgrohe products, employees are encouraged to foster quality awareness and a quality culture. For example, a basic course on sanitation and technology and Hansgrohe products is provided to all new employees as part of their induction programme. An extensive training programme is also supplied for tradesmen all over the world.

Another example of the cross-division service is the extensive function tests of currently 10,000 combinations of Hansgrohe and Axor fittings and washbasins of established manufacturers. The clearance between the fitting and washbasins is investigated here, together with the spray function so that we can provide customers with recommendations for the right combinations. From 2015, Hansgrohe is expanding these tests to include kitchen fittings and flushes.

See www.hansgrohe-int.com > Planning > Which mixer goes with which wash basin?

PR 1 Life cycle stages in which health and safety impacts of products are assessed

All products of the Hansgrohe Group represent very low usage risks in terms of health and safety for customers when properly installed and used. During the planning and development phase, all the products run through a risk analysis, in which the products are examined with regards the relevant health and safety aspects.

PR 2 Non-compliance of regulations concerning health and product safety

An extensive risk analysis for Hansgrohe products forms the basis for safe installation, commissioning and use. During the reporting period, there were no convictions or warnings about infringements on conditions relating to product safety and health protection.

PR 3 Legal obligations to provide information about products and services

The assembly instructions of all Hansgrohe products contain information for the correct installation, safe cleaning industry, correct cleaning and proper usage. In addition, they contain information on product features and practical flow diagrams, the standards complied with for electrical products and mechanical safety in products, to which such guidelines are applied (e.g. handles) including the relevant conformity and performance declarations.

PR 4 Non-compliance with legal and voluntary obligations to provide information about products and services

There were no infringements with regards information obligations during the reporting period.

PR 5 Surveys of customer satisfaction

Customer satisfaction is an important aspect for the economic success of the Hansgrohe Group. As Hansgrohe is bound to a three-tier distribution channel in many countries, customers must be differentiated into two categories: the group of wholesale and retail traders and processors (for example architects and technicians) and the group of end consumers. Feedback from both groups is important, but must be considered and handled separately.

Hansgrohe uses the feedback from various customers and incorporates it into the development of its products. One example of this is the iClub customer club for technicians in Germany, in which seminars and events concerning Hansgrohe products are offered. This official framework is also frequently used to carry out surveys and collect opinions. If these actions are carried out early in the production development process, there is the opportunity to incorporate the findings into the product development procedure. A number of projects have already been generated from the iClub. These include the "ProMarketing" platform, which offers a series of professional marketing tools for trade customers.

An important tool for recording customer satisfaction is the sales representatives of the Hansgrohe Group. Through direct contact and systematic customer relationship management, these people ensure the maintenance and development of customer loyalty and collect feedback through direct personal contact.

A further means of determining customer satisfaction, both for the trade and end consumers, is social media. External agencies carry out daily mon-

itoring of reviews on Facebook, Twitter, YouTube and Amazon on behalf of Hansgrohe. The satisfaction is measured according to a defined key. Contributions to various technical fora in German-speaking and English-speaking regions are also observed. This means notifications of dissatisfaction can be reacted to in good time. Hansgrohe experts from the Technical Service Center can react immediately to critical comments and technical problems and discuss these with the users, offering proposed solutions.

In a survey of 20,000 specialist sanitation engineers in the German sanitary trade by "markt intern" (mi) industry service in summer 2014, Hansgrohe obtained 1st place in the categories of "Service by the Manufacturer", "End Consumer Advertising", "Delivery Service" and "Easy Assembly".

The development of the internally recorded delivery performance, which is calculated from adherence to delivery dates and service, was indicative of increasing customer satisfaction. The value increased from about 75 percent in 2010 to over 94 percent in 2014.

In Autumn 2014, a survey about the satisfaction of the visit was carried out among almost 800 guests (private and business people) at the Hansgrohe Aquademie, the visitor, training and exhibition centre in Schiltach. 93 percent of people surveyed rated the range and their visit as very good or good.

PR 6 Adherence to laws concerning advertising

The Hansgrohe Group's advertising complies with all legal regulations. This is ensured by the legal counsel of our majority shareholder, the Masco Corporation. New employees are obligated to complete a web-based ethics and compliance programme as part of their training, which sensitises them to these subjects. Masco regularly checks whether the training programme has been completed.

We do not distribute any products whose sale in certain markets is prohibited or which are the object of public disputes.

PR 7 Non-compliance with legal and voluntary regulations concerning advertising

There were no infringements with regards advertising during the reporting period.

PR 8 Justified data protection complaints

Complaints from a third party relating to one issue arose during the reporting period. There has been no loss or theft of customer data. There were no complaints from regulatory bodies.

PR 9 Significant fines due to infringements against legal regulations concerning the acquisition and use of products

There were no infringements against legal regulations and no fines with regards the acquisition and use of Hansgrohe products during the reporting period.

Core indicator

Additional indicator

G3 Content Index						
Application Level	A					Assured by
STANDARD DISCLOSURES PART I: Profile Disclosures						
1. Strategy and Analysis						
Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
1.1	Statement from the most senior decision-maker of the organization.	Fully	7			
1.2	Description of key impacts, risks, and opportunities.	Fully	9			
2. Organizational Profile						
2.1	Name of the organization.	Fully	10			
2.2	Primary brands, products, and/or services.	Fully	10			
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	10			
2.4	Location of organization's headquarters.	Fully	11			
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	11			
2.6	Nature of ownership and legal form.	Fully	11			
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	11			
2.8	Scale of the reporting organization.	Partially	12	equity and loan capital	Does not exist	All indicators identified as material for the Hansgrohe Group were mentioned in the GRI report.
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	12			
2.10	Awards received in the reporting period.	Fully	12			

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
3. Report Parameters						
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	13			
3.2	Date of most recent previous report (if any).	Fully	13			
3.3	Reporting cycle (annual, biennial, etc.)	Fully	13			
3.4	Contact point for questions regarding the report or its contents.	Fully	13			
3.5	Process for defining report content.	Fully	13			
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	14			
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	14			
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	14			
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	14			
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	14			
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	14			
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	14			
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	14			
4. Governance, Commitments, and Engagement						
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	15			
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	15			

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	15			
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	15			
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	15			
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	15			
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Fully	16			
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	16			
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	16			
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	16			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	16			
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	17			
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	17			
4.14	List of stakeholder groups engaged by the organization.	Fully	17			

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	17				
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	18				
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	18				
STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)							
G3 DMA	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
DMA EC	Disclosure on Management Approach EC						
Aspects	Economic performance	Fully	20				
	Market presence	Fully	20				
	Indirect economic impacts	Fully	20				
DMA EN	Disclosure on Management Approach EN						
Aspects	Materials	Fully	8, 25				
	Energy	Fully	7				
	Water	Partially	7				
	Biodiversity	Not			Not material	The products, production and services of Hansgrohe group are harmless for areas of high biodiversity value	
DMA LA	Emissions, effluents and waste	Fully	7				
	Products and services	Fully	8, 25				
	Compliance	Fully	24				
	Transport	Fully	32				
	Overall	Fully	24				
DMA LA	Disclosure on Management Approach LA						
Aspects	Employment	Fully	34				
	Labor/management relations	Fully	34				
	Occupational health and safety	Fully	34, 37				
	Training and education	Fully	37				
	Diversity and equal opportunity	Fully	35, 36, 38				

G3 DMA	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
DMA HR Aspects	Disclosure on Management Approach HR						
	Investment and procurement practices	Fully	http://masco.com/suppliers-policy/				
	Non-discrimination	Fully	http://masco.com/suppliers-policy/				
	Freedom of association and collective bargaining	Fully	http://masco.com/suppliers-policy/				
	Child labor	Fully	http://masco.com/suppliers-policy/				
	Forced and compulsory labor	Fully	http://masco.com/suppliers-policy/				
	Security practices	Fully	http://masco.com/suppliers-policy/				
	Indigenous rights	Fully	http://masco.com/suppliers-policy/				
DMA SO	Disclosure on Management Approach SO						
Aspects	Community	Fully	41				
	Corruption	Fully	http://masco.com/about/corporate-governance/				
	Public policy	Fully	http://masco.com/about/corporate-governance/				
	Anti-competitive behavior	Fully	http://masco.com/about/corporate-governance/				
	Compliance	Fully	http://masco.com/about/corporate-governance/				

G3 DMA	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
DMA PR	Disclosure on Management Approach PR						
Aspects	Customer health and safety	Fully	43				
	Product and service labelling	Fully	43				
	Marketing communications	Fully	43				
	Customer privacy	Not			Not material	Due to our previous stakeholder dialogues we did not consider this topic as material so far.	
	Compliance	Fully	43				

STANDARD DISCLOSURES PART III: Performance Indicators

Economic

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
Economic performance							
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Partially	20, 24	taxes, capital costs	Not applicable	Our main key performance indicator is EBIT. Hansgrohe measures its performance with financial figures, given in the report.	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	20				
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	21				
EC4	Significant financial assistance received from government.	Fully	22				

Market presence

EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Fully	22				
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	22				
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	22				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
Indirect economic impacts							
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	22				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	23				
Environmental							
Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
Materials							
EN1	Materials used by weight or volume.	Partially	25	The total weight or volume of non-renewable and direct materials used.	Not material	Within the analysis of materiality we identified metals, plastics and chemicals as the most important materials used by the Hansgrohe Group.	2017
EN2	Percentage of materials used that are recycled input materials.	Partially	25	The weight or volume of recycled input materials as a percentage of the total input materials used.	Not available	Currently we are not able to give quantitative information due to missing measuring systems.	2017
Energy							
EN3	Direct energy consumption by primary energy source.	Fully	25				
EN4	Indirect energy consumption by primary source.	Partially	26	The corresponding primary energy consumed in its production.	Not available	Currently we are not able to give quantitative information due to missing measuring systems.	2017
EN5	Energy saved due to conservation and efficiency improvements.	Fully	26				
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	27				
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partially	28	Extent to which indirect energy use has been reduced (business-related travel, employee commuting); assumptions used to calculate indirect energy	Not available	Currently we are not able to give quantitative information due to missing measuring systems.	2017

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
Water							
EN8	Total water withdrawal by source.	Fully	28				
EN9	Water sources significantly affected by withdrawal of water.	Fully	28				
EN10	Percentage and total volume of water recycled and reused.	Partially	29	Total volume of recycled water	Not available	Currently we are not able to give quantitative information due to missing measuring systems.	2017
Biodiversity							
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	29				
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	29				
EN13	Habitats protected or restored.	Fully	29				
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	29				
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Fully	29				
Emissions, effluents and waste							
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	29				
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	30				
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partially	30	The extent of greenhouse gas emissions reductions achieved during the reporting period as a direct result of the initiative(s) in tonnes of CO ₂ equivalent.	Not available	Currently we are not able to give quantitative information due to missing measuring systems.	2017
EN19	Emissions of ozone-depleting substances by weight.	Fully	30				
EN20	NO _x , SO _x , and other significant air emissions by type and weight.	Fully	30				
EN21	Total water discharge by quality and destination.	Fully	31				
EN22	Total weight of waste by type and disposal method.	Partially	31	Currently we are not able to categorize our waste.	Not available	Currently we are not able to categorize our waste.	2017
EN23	Total number and volume of significant spills.	Fully	31				
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Fully	31				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Fully	31				
Products and services							
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partially	31	Initiatives to mitigate the most significant environmental impacts of products/service groups in relation to emissions; effluents, noise. Extent quantitatively which environmental impacts have been mitigated during the reporting period.	Not material	We identified material use, water use and waste as the most effective potential savings. Therefore there were no measures regarding emissions, effluents and noise in the reporting period.	2017
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Partially	32	The percentage of reclaimed products and their packaging materials for each category of products.	Not available	Currently we have not enough available data	2017
Compliance							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	32				
Transport							
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Fully	32				
Overall							
EN30	Total environmental protection expenditures and investments by type.	Partially	32	Costs including occupational safety	Not available	Costs for Environment, Health and Safety are recorded jointly and not yet available in the required categories.	2017
Social: Labor Practices and Decent Work							
Employment							
LA1	Total workforce by employment type, employment contract, and region.	Partially	35	Total workforce broken by gender, employment type and employment contract.	Not available	Currently we are not able to categorize the total workforce by employment type and employment contract..	2017

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
LA2	Total number and rate of employee turnover by age group, gender, and region.	Partially	35	Further classification according to gender and age.	Not available	Currently we are not able to categorize the rate of employee turnover by age, group and gender.	2017
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	35				
Labor/management relations							
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	36				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Partially	36	Minimum number of weeks	Not applicable	With the mentioned activities the Hansgrohe Group ensures the notification of the employees regarding significant operational changes.	
Occupational health and safety							
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	36				
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Partially	36	Further classification according to gender and age.	Not applicable	We do not report this disclosure item because Hansgrohe tries to prevent accidents. Therefore we measure only the number of accidents and do not distinguish furthermore.	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	37				
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	37				
Training and education							
LA10	Average hours of training per year per employee by employee category.	Partially	37	Average hours of training	Not material	A categorization has not been identified as material. The further training of employees is focused on the needs of the employees	

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	37				
LA12	Percentage of employees receiving regular performance and career development reviews.	Partially	38	Percentage of employees receiving regular performance	Not material	A categorization has not been identified as material. Employees under collective agreements are receiving a regular performance.	
Diversity and equal opportunity							
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	38				
LA14	Ratio of basic salary of men to women by employee category.	Fully	38				
Social: Human Rights							
Investment and procurement practices							
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Fully	39				
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fully	39				
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	39				
Non-discrimination							
HR4	Total number of incidents of discrimination and actions taken.	Fully	39				
Freedom of association and collective bargaining							
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Fully	40				
Child labor							
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Fully	40				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
Forced and compulsory labor							
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Fully	40				
Security practices							
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	40				
Indigenous rights							
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	40				
Social: Society							
Community							
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	41				
Corruption							
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	41				
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	41				
SO4	Actions taken in response to incidents of corruption.	Fully	42				
Public policy							
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	42				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	42				
Anti-competitive behavior							
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	42				
Compliance							
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	42				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
Social: Product Responsibility							
Customer health and safety							
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	44				
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	44				
Product and service labeling							
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	44				
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	44				
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	44				
Marketing communications							
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	45				
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	45				
Customer privacy							
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	45				
Compliance							
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	45				

www.hansgrohe.com/sustainability