

Sustainability

Initiatives 2012/2013





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Foreword

In the aftermath of climate change there has been an upsurge of interest in sustainability – at Hansgrohe this topic has been a vital focus since the founding of the company in 1901. This is why we were one of the first companies in the sanitation industry to start developing products, which use water and energy more efficiently. The most recent example is fittings from our Axor Starck Organic collection with an ultra efficient water flow of only 3.5 litres per minute. Innovations such as these have helped us achieve above average growth over many decades, creating jobs and confirming our reputation as one of the leading innovators in the international sanitation industry.

Hansgrohe's forward-thinking management strategy not only involves the continual improvement of the quality and eco-friendliness of its product lines, and creating the economic conditions for our successful and enduring market presence. As a company that sees itself as water's advocate, and actively deals with this valuable resource on a daily basis, we have become uniquely committed to our natural environment. Since the late 1980s Hansgrohe has employed an environmental officer and for more than twenty years we have shown great dedication to renewable energies – for example, in 1993 we installed Germany's largest roof-integrated solar power system at our Offenburg site.

Environmental protection and social responsibility count equally as Hansgrohe's lived philosophy: we see ourselves part of society and strive to make an active contribution to societal success. Our commitment ranges from promoting young people in our talent competition to far-reaching vocational programmes for employees as well as supporting social and cultural institutions worldwide.

With our "Green Company" guiding committee, composed of all the board members, in 2009 we created an organisational context to continue advancing sustainable business principles as a key priority for all the business processes of the Hansgrohe Group.

We place a great deal of emphasis on measurable results and realistic assessment. This latest issue of the Sustainability Report should be read in this light – as our presentation of a variety of initiatives in the financial year 2012 to 2013. At the same time, we cordially invite you to engage in an open and constructive dialogue with us and to share your opinions and suggestions. We look forward to receiving your ideas!

Siegfried Gänßlen

Chairman of the Management Board

You can find further online information and details about Hansgrohe's sustainability policy in the sustainability updates compiled under the guidelines of the Global Reporting Initiative (GRI) at www.hansgrohe.com/sustainability.



Hansgrohe Group and Sustain

“At Hansgrohe, sustainability is not to be treated as a complication, but as an opportunity to be prepared to face the future.”

Siegfried Gänßlen, Chairman of the Management Board Hansgrohe SE



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Hansgrohe Group and Sustainability

Hansgrohe has been dedicated to dealing with water for many decades – and regards this resource as more than just a consumer item. The fascination and passion for this elixir of life and extremely sensitive element involves a tradition at Hansgrohe of accepting responsibility: towards the natural resource and the environment in general, for the company’s staff and society at large. The company’s dedication to sustainability is drawn from this source and also takes its course in business life.

A basis for sustainable development

Today, more than 25 per cent of Hansgrohe total sales are due to water and energy-saving products. Not surprisingly, the company sees its future business success as closely associated with a coherent sustainability strategy. Since 2009 management has set out strategic sustainability targets. By setting up a guiding committee and thanks to “Green Controlling” it has created an organisational structure to continue integrating sustainable practices into its business processes.

During recent years Hansgrohe has established a broad basis for sustainable corporate development. At the forefront was the systematic embedding of this topic as a priority for the entire value-added chain. A guiding committee, composed of all the board members, now defines the principles for sustainable entrepreneurial activities and decides strategic and measurable sustainability targets. Today, these targets are an essential part of the business plan and strategy. The management system and Green Controlling ensure that specific sustainability policies influence all corporate divisions.

For example, logistics are optimised to take into account climate protection targets as are production at all locations or accessing global markets. A central aspect of the company’s ecological footprint is product development: here, decisions are taken about how many resources to consume in manufacturing and use of the products.

Committed for society

At Hansgrohe sustainability is not only restricted to ecological topics. Accepting social responsibility is also paramount for the company. Firstly, Hansgrohe shows a firm commitment to its employees: the fittings and showers manufacturer based in the Black Forest provides the best possible environment with extensive programmes and initiatives for vocational training, health and employment, work and life balance as well as demographic change.

Hansgrohe is also committed to accepting responsibility in society – both in Germany and at its international locations. Here there are wide-ranging initiatives, but the main focus is on water – the elixir of life – whether by reintroducing salmon to the Black Forest River Kinzig, or a prize for young designers or international aid projects.



Solar power plant in Offenburg: 20 years ago Hansgrohe installed Germany’s then largest roof-integrated solar power system at its production site in Offenburg

Sustainability Commitment Timeline

2012

Axor Starck Organic fitting with 3.5 l/min water flow
Hansgrohe wins the "Green Controlling Prize" 2012 awarded by
the Péter Horváth Foundation

2011

Hansgrohe is the first company in the sanitation industry to
publish a comprehensive eco balance sheet for hand showers

2009

Selected supplier for the forward-thinking eco city,
Masdar City in Abu Dhabi

2008

First Hansgrohe Water Symposium at the
'Hansgrohe Aquademie' in Schiltach, Germany

2007

Water and energy-saving EcoSmart technology introduced
for fittings and showers

2004

First Hansgrohe Sustainability Report

2001

First 3-litre shower sets entirely new standards

2001

Market launch of the Pontos Aqua water recycling system
for reusing shower and bath water

1997

Axor Steel stainless steel mixer, the first mixer with eco life cycle
assessment, received the iF Eco Award

1995

Winner of the Baden-Württemberg environmental award

1993/94

Solar power system on the roof of the Offenburg site and the
Hansgrohe solar tower installed

1992

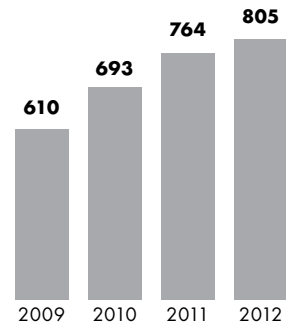
Waterdim sets for all showers limit the water flow

1987

Mistral Eco hand shower with 50% reduced water consumption

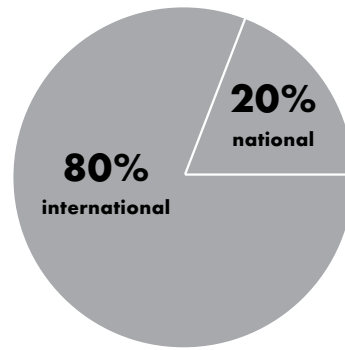


Hansgrohe SE is among the leading companies worldwide in the sanitation industry. The manufacturer of fittings and showers has its company headquarters in Schiltach in the Black Forest. The brands – Hansgrohe, Axor, Pontos and Pharo – stand for design-oriented bathroom solutions and innovative sanitation technology products. Hansgrohe has its own subsidiaries worldwide in 42 countries and across all continents. The entire sales network of the company based in the Black Forest now extends to more than 130 countries. Most of its turnover is earned by foreign businesses – in recent years, they regularly contributed about 80 per cent. In 2012, the company posted annual turnover of 805 million Euros and has a total staff of 3,444 employees worldwide. Two thirds of personnel work at the head office in Schiltach and at German production sites.



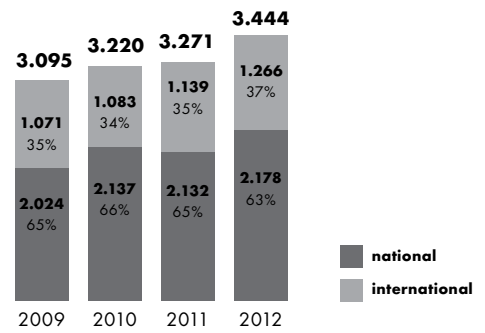
Turnover

Development 2009-2012 in million Euros



Share of turnover

national and international



Employees

Development 2009-2012

For over 25 years, the US Group Masco has owned a stake in Hansgrohe SE with a majority share of 68 per cent. 32 per cent of shares are owned by the family, Klaus Grohe, the youngest son of company founder, Hans Grohe. Today his successors are actively involved in top managerial positions. After decades as company CEO, Klaus Grohe has been Chairman of the Supervisory Board since 2008. His sons continue the family tradition: Richard Grohe is Deputy Chairman and Philippe Grohe heads Hansgrohe's designer brand Axor. Alongside collaborations with international design classics and exceptional product quality, Hansgrohe builds on outstanding technical innovation. Several hundred patents, trademarks and industrial designs are registered annually.

Hansgrohe sustainability targets

In 2010 the Hansgrohe board defined ambitious sustainability targets to be achieved by 2015. The current status is:

Water consumption

Target **-10%** Result **-23%**

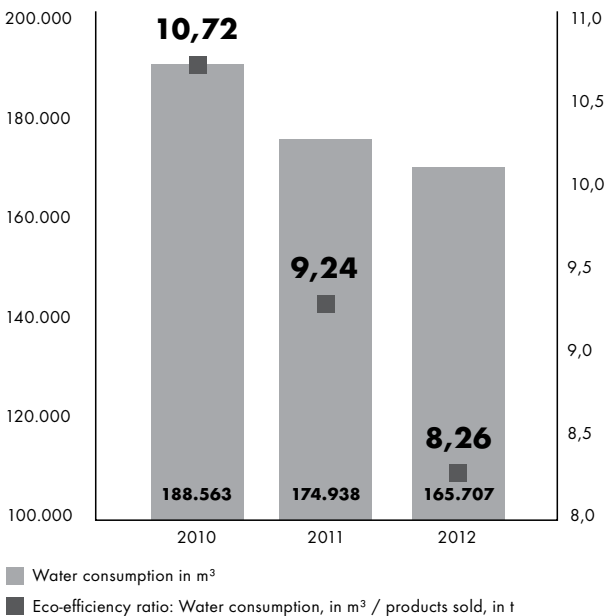
Despite continually increasing production the Hansgrohe Group has succeeded in reducing water consumption from 188,563 m³ to 165,707 m³ compared with the reference year 2010. It is particularly pleasing that not only absolute numbers were reduced, but also eco-efficient production improved significantly thanks to a variety of individual measures. The ratio of water consumption (cubic metres) to the quantity of sold products (in tonnes) fell from 10,72 to 8,26. This equals around 23% - more than double our self-proclaimed goal.

Use of hazardous substances

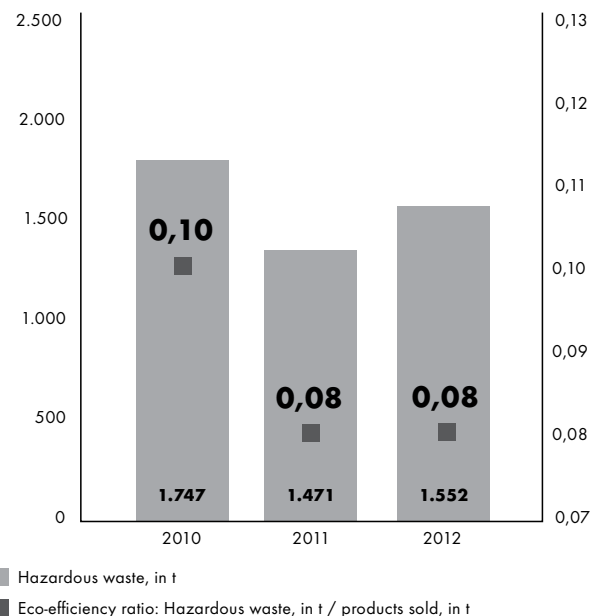
Target **-10%** Result **-17%**

Chrome-plated Hansgrohe showers and fittings not only look appealing, but their gleaming surfaces also give the products extra protection and increase their long life cycle. However, to manufacture these protective surfaces, chemicals must be used that are classified as hazardous materials. Using optimised processes, among other things, the Hansgrohe Group succeeded in reducing the quota of hazardous substances in use by 17 per cent. This protects employees and the environment.

Water consumption Hansgrohe Group



Use of hazardous substances Hansgrohe Group



Occupational safety

Target

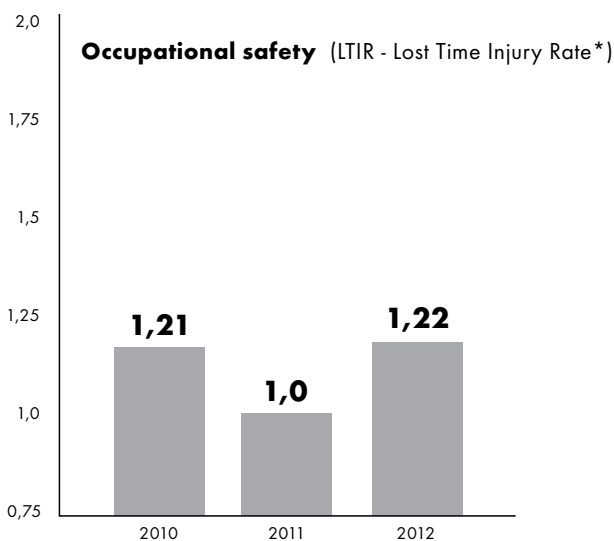
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Status

On the right track

An important goal for Hansgrohe is continually enhancing occupational safety for its staff. Since 2009 the company's track record has markedly improved. In 2012 the positive trend was briefly interrupted due to the unplanned recruitment of a large number of new staff at the Offenburg site. After their adjustment to their new roles, it took time to establish a routine for work flows. In 2013 all the indications are that things are on the right track again. An additional occupational safety programme was introduced, so that the target should be met at the latest by 2015.

The number of accidents with lost time is a measure for occupational safety in the workplace. These are calculated together with the attendance time of all staff, thus obtaining the Lost Time Injury Rate (LTIR) key indicator.



number of work-related accidents in involving working days lost x 200.000 / (work hours performed/year)

CO₂ -emissions

Target

-20%

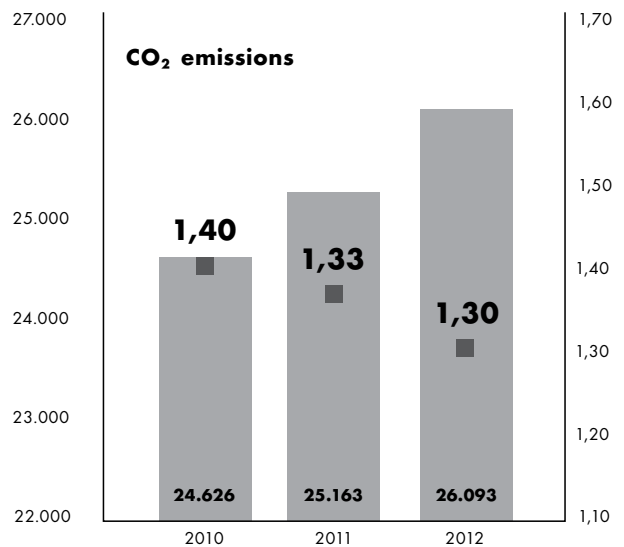
Result

-7%

Energy efficiency

+10%

The Hansgrohe Group increased its energy efficiency from 2010 to 2012 by ten per cent due to a range of measures. However, during the same period CO₂ emissions only fell by seven per cent. On the one hand, this was due to the continual increase in production. On the other hand, it was related to the new situation for electricity acquisition: since the catastrophe at the Fukushima power plant and an energy policy transition in Germany, more coal-fired and gas power stations were used to generate electricity. This increased CO₂ emissions per Kilowatt-hour of electricity, simultaneously creating a greater challenge for Hansgrohe to reduce CO₂ emissions by twenty per cent within five years. The company will continue to improve its energy efficiency and further optimise consumption by disciplined energy management.



■ CO₂ emissions from production locations (manufacturing processes, building services), in t

■ Eco-efficiency ratio: CO₂ emissions, in t / products sold, in t

Calculation made on the basis of the CO₂ 2010 conversion factor for electricity

Interview with



Siegfried Gänßlen

Chairman of the Management Board Hansgrohe SE

Since 2010 Hansgrohe has been rolling out a Green Controlling solution company-wide. What significance does it have in the company?

Siegfried Gänßlen: In our view, long-term success is no longer possible without integrating social and ecological aspects into our company's management. Therefore, Controlling has a key role within our organisation to advance the sustainable approach of our business models and processes.

How does this work in practice?

Siegfried Gänßlen: Controlling makes available basic data and evaluations that serve as a basis for guiding management decisions and projects. Green Controlling ensures we work with uniform company key performance data for sustainability areas – the 'Hansgrohe Sustainability KPIs'. These environmentally and socially relevant key indicators are available both within the group as well as in the individual divisions, and they are assessed monthly. The focus here is on deviation from the defined targets to determine their causes and to be in a position to intervene to manage this.

That means sustainability is embedded in this way into the business processes?

Siegfried Gänßlen: Yes, we adopt SAP processes to report sustainability data in the same cycles as financial data are reported. This allows us to connect eco-friendly activity, social factors and business success efficiently and to integrate them coherently into the business processes.

Siegfried Gänßlen

Does Green Controlling also influence investments?

Siegfried Gänßlen: *We have defined what we term 'Green Company investment criteria'. Based on these criteria the company verifies the extent that planned acquisitions help us to achieve our sustainability targets. In the case of decisions where social, environmental factors and financial aspects are in the balance, there are naturally repeated target conflicts. We therefore decided against a standard procedure. So projects for energy saving and CO₂ reduction, for example, can be considered in association with sustainability criteria even if the financial return is likely to emerge over the longer term.*

What role does Green Controlling play for innovation?

Siegfried Gänßlen: *We have never regarded environmental protection and social responsibility as a tiresome obligation. Therefore we understand Green Controlling as a crucial drive for innovation for products and processes. Additionally, this is one factor promoting the improvement of our efficiency and costs structures. Our aim is not merely to adhere to the statutory guidelines – if possible, we strive to be constantly better!*



Hansgrohe receives the 'Green Controlling Prize 2012' from Professor Péter Horváth (l.) who set up the Foundation



Strong Brands for Sustainable



le Products

Strong Brands for Sustainable Products

The manufacturer of fittings and showers based in the Black Forest, Germany, enjoys a reputation in the industry as one of the pioneers of environmental protection. The company was already committed 30 years ago to the development of water and energy-saving products. Today, strategic and measurable sustainability targets have long been an integral part of the business plan and strategic development. Sustainability aspects are systematically embedded in economic decisions, and this is beneficial for nature, society and the economy.

Sustainable product development – from the word go

Hansgrohe sees its pioneering role as a duty and impetus to develop sustainable products. In order for climate protection and energy efficiency to gain even higher priority in 2011 the company founded the business division “Smart Water Solutions”. Meanwhile, the company has achieved over 25 per cent of net turnover thanks to water and energy-saving products.

The brands Hansgrohe, Axor, Pharo and Pontos stand for innovative, high quality products that use resources sparingly. Simultaneously high-end design takes pride of place. Therefore Hansgrohe has worked for many years with internationally respected designers such as Phoenix Design. For the Stuttgart design team sanitation products should not only be designed using the right materials, but should also be intuitive to handle. For the designers and Hansgrohe alike, design innovation means successfully consuming less water with the same pleasurable shower experience. The success of this design philosophy is proven by just two of the multiple design awards received in 2012: the iF Gold Award was won for the wash basin mixer PuraVida 225 and the electronic wash basin fitting Focus.



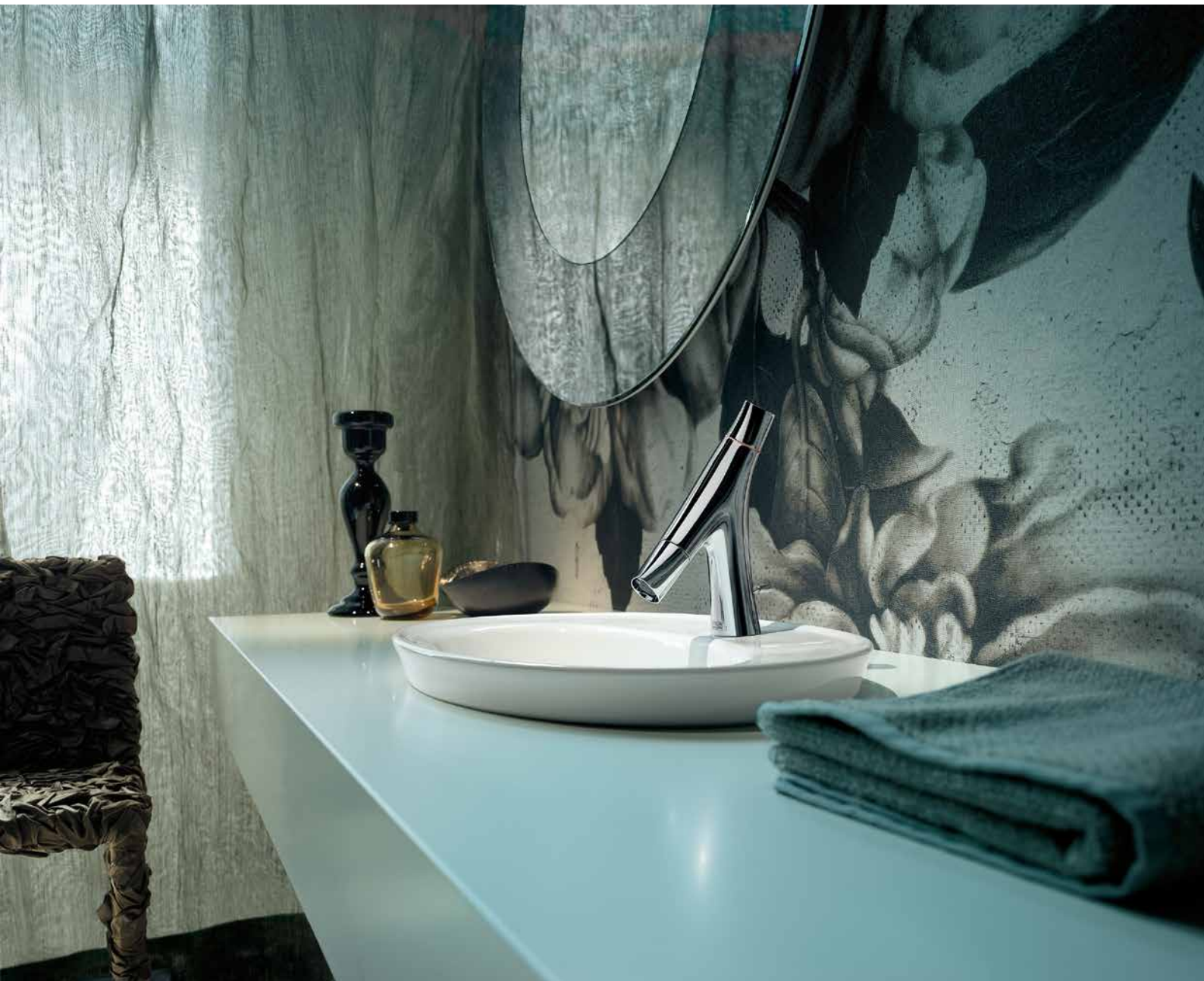
Award-winning: Designer Manfred Dorn (l.), Phoenix Design, and Jan Heisterhagen, Director of Hansgrohe Product Management, are delighted to receive two iF Gold Awards

Passionate about eco protection – in touch with the senses

Hansgrohe has for many years set great store by resource-saving product development and exceptional quality. How does it treat the emotive and sensual shower experience? At Hansgrohe the passion for research does not stop here. Employees in charge of water jet analysis are examining a sensible approach to limiting water consumption without affecting a holistic ‘feel good’ experience. In this case they constantly have to evaluate limits: how can water consumption be reduced without impairing cleaning action and shower comfort? The Hansgrohe research team aimed high: their ambition is to develop water and energy-saving products satisfying the highest standards of comfort and performance. The team also played a vital role in the excellent consumption values of Axor Starck Organic, the product highlight of the year 2012.



Saving water without loss of comfort: Ambition and incentive for the team at the jet lab



Sustainability in harmony with design – Axor Starck Organic

French design icon, Philippe Starck, has actively collaborated with Hansgrohe for many years. The revolutionary highlight in 2012 was the Axor Starck Organic collection. The wash basin mixer delights both head and heart! The new operating concept separates temperature from volume control. Similar to a generous shower, the wash basin mixer has 90 individual small openings that let gentle pearl droplets fall and shower a wider skin area. This extra functionality and contact with the water matches a significant reduction in water flow – only 3.5 litres per minute. In comparison: the market standard worldwide is a flow rate of around 7 litres or more per minute. Thanks to a brand new innovation the fitting body also uses one third less brass than for conventional fittings. Axor Starck Organic therefore harmonises resource saving with ultra comfort and impressive design. Indeed, in 2013 it won the red dot design award “Best of the Best”.

Clever combination – EcoSmart and CoolStart

Using water and energy sparingly not only protects the environment and reduces CO₂ emissions, but also helps give reduced costs for water, wastewater and energy. Solutions like Hansgrohe EcoSmart technology show how this can be practically achieved on a daily basis. All Hansgrohe wash basin fittings are now equipped as standard with this technology. A special aerator ensures the water flow is limited to about five litres per minute – without loss of comfort. In comparison: wash basin mixers without this technology easily use 13 litres per minute.



A special aerator helps save water and energy

The Hansgrohe CoolStart technology available since 2012 for most fitting lines shows how resources can be used sparingly thanks to simple, though impressive ideas. In the case of conventional wash basin fittings, mixed water is automatically drawn when the fitting handle is in the central position.

CoolStart ensures that only cold water flows when the handle is in a neutral, central position. Thus, the pipe system is no longer filled unnecessarily with hot water and flowthrough heaters or circulating pumps need no longer be specially activated. This technique and the reduced consumption of hot water also means less energy is required along with lower CO₂ output. The CoolStart fittings have been installed, for example, in a Swiss model project for sustainable construction: the residential complex in Mellingen with 130 apartments and 68 terraced family homes is a flagship project for outstanding energy efficiency. These are the first residential dwellings with the Green Property sustainability Gold seal of approval set up by Credit Suisse – the buildings were constructed using the highest MinergieStandard P-Eco and A-Eco.



Swiss flagship project: residential dwellings in Mellingen

Savings potential in hotel bathrooms

Together with the Offenburg University of Applied Sciences and the Europa Park in Rust near Freiburg, Hansgrohe wanted precise information about how much energy and potential water savings can be achieved by simple means in hotels? The fittings and showers at the 4 star “Santa Isabel” themed hotel were replaced with EcoSmart products for this study. The outcome was clear: overall water consumption was reduced by one third for each overnight stay. At the same time savings were made on the power required to heat the hot water. In particular, there are impressive opportunities for the hotel and catering sector to use resources efficiently. In 2012 Hansgrohe used these results to develop an EcoSmart check pack for hotel operators to find out the use of the energy savings potential for their hotel.



A joint study by Hansgrohe and the Offenburg University of Applied Sciences shows major savings potential for hotels

Water saving certification

Worldwide, buildings are responsible for almost half of consumed raw materials and about one third of the consumption of resources and CO₂ emissions. Certificates for green buildings therefore play an increasingly important role. But these depend on reliable data about the environmental impact of the products in use. For instance, optimising water and energy consumption can be a building block for the certification process. The European Water Efficiency Label (WELL) offers a reliable guide to the selection of showers and fittings. This provides information about products' water and energy efficiency.

WELL Home Water Efficiency Label	
Manufacturer:	Hansgrohe AG
Product category:	Wash basin valve
Type:	Single lever valve
Model:	Hansgrohe Metris E2
Registration number:	WA10003-20110209
Water Efficiency Criteria	
Flow rate > 6,0 l/min ≤ 9,0 l/min	*
Controlled flow rate ≥ 4,0 l/min ≤ 6,0 l/min	**
Flow-independent temperature setting	*
Temperature limit / Cold water valve	**
Information about use and installation: www.well-online.eu . A Label of EUnited Valves European Valve Manufacturers Association	

The European Water Efficiency Label (WELL) offers a useful guide for the purchase of water and energy-saving sanitation products

In 2011 Hansgrohe was one of the first manufacturers to have four of its products tested – they achieved the best Level A for the home sector. The test focused on flow volume independently of water pressure values as well as restricting water to a specific temperature. The wash basin mixers Focus, Talis and Metris fitted with EcoSmart technology gave the best results with five litres flow/minute. The Crometta 85 Green hand shower was also awarded the best achievement for the “Upgrade Volume” category – the first hand shower to be awarded a distinction.

Gentle care for more durability

At Hansgrohe, manufacturing sustainable products is not the only focus. There are many ways to influence the durability of high quality products in everyday use. Detergents, which contain for example formic acid, hydrochloric acid, chlorine bleaching or acetic acid can cause considerable damage to fittings and showers. As sustainability also equals a long life cycle, Hansgrohe has for a long time taken a keen interest in cleaning. At the company's quality control laboratory, a team constantly tests new detergents and compiles unique expertise. The consumer organisation Stiftung Warentest as well as important associations in the detergent industry now test substances using special methods devised by Hansgrohe. Incidentally, Hansgrohe recommends gentle detergents based on citric acid – a Hansgrohe logo appears on suitable products. Cleaning tips are also available on the company website.



Correct cleaning for long product life



Sustainability Logic – Produ



ction and Supply Chains

Sustainability Logic – Production and Supply Chains

Hansgrohe already focused on eco management in the late 1980s. Now, business strategies are devised with respect to measurable sustainability targets. Eco management systems at all production sites, Green Controlling as well as eco balance sheets for products firstly heighten awareness of relevant environmental topics among all the staff. Additionally, such strategies enable increasingly precise control of resource efficiency, waste management and emissions along the value-added chain.

A systematic approach for success

Hansgrohe's first-hand experience shows that requirements for quality, economic needs and ecology often go hand in hand. The company uses the systematic analysis of its business processes geared to sustainability as a key driver of innovation. This strategy also proves successful: many initiatives are already economically viable after a short time. Others support the company's preparation for future developments and positioning for future markets. The company has now reached a new level thanks to its current expansion of sustainability management. For example, climate protection initiatives make this obvious as well as fine-tuning logistics concepts during 2012 and 2013.

Energy transition – in reality

Everyone is talking about the energy transition – but what does this really mean for a company? At Hansgrohe, the "Energy Transition" working group explores this question. Since 2012 our in-house experts have been analysing how to further improve our use of energy and to reduce CO₂ emissions. The ambitious objective for the experts is: 20 per cent less CO₂ emissions compared with the reference year 2010 or 3,500 tonnes less carbon dioxide per year. This corresponds roughly to annual emissions of 1,500 mid-class vehicles.

A key element is the introduction of energy management from late 2013 in accordance with DIN EN ISO 50.001. To ensure the company's entire energy flow is transparent, current energy measuring systems will be improved and new software installed to monitor consumption values in closer detail. In future, production divisions will be able to more accurately self-monitor their energy consumption using a key indicators system.

The working group also concentrates on Hansgrohe major production plants. Eight production divisions account for roughly 75 per cent of total electricity consumption. Manufacturing plastic parts uses substantial resources as well as fitting castings made of brass and processing their surfaces as well as chrome-plating for showers and fittings. The working group assigned one member to each of the eight production divisions. The expert's task is to work with production managers to identify realistic savings and to deliver this potential in practice. For example, this includes improvements at plants such as exchanging old compressors (-116 tonnes CO₂) or heat insulation on plastic injection machines (-82 tonnes CO₂), and measures to decommission plants no longer in production.

For Hansgrohe renewable energy is as important as energy efficiency. Alongside the existing roof-integrated solar power plant at the Offenburg production site, since 2012 there is a newly installed photovoltaic power plant at the Schiltach Aue site (-27 tonnes CO₂).



Sustainable refurbishment at Hansgrohe head office

The company's buildings also consume substantial resources alongside its production sites. In 2012 a refurbishment of the main building at the Schiltach headquarters was planned with sustainability targets in mind. The result: 58 per cent heat savings were made after the renovation of building facades and the roof. Other substantial savings were made in air-conditioning and lighting. Accordingly, CO₂ emissions were reduced by 134 tonnes per year. On the roof of the main building a new 39-Kilowatt photovoltaic plant generates power with a further reduction of 27 tonnes CO₂ every year.

Logistics – going green

Hansgrohe adopts a similar systematic approach to optimising logistics as for its energy requirements. The building blocks for climate protection include packaging, container load and vehicles, CO₂ guidelines for the vehicle fleet and optimised logistics strategies. For example, packaging from Asia highlights the potential savings here. In 2012 and 2013, Hansgrohe launched an initiative to revise its packaging outsourcing from suppliers. The new packaging holds more products than previously. Robust cardboard solutions are used instead of wooden frames, while reusable wooden pallets replace single-use plastic pallets. Such measures alone save about 90 freight containers every year, thus decreasing the company's CO₂ footprint by about 400 tonnes. 14 tonnes less packaging material are used per year. An analysis of freight transport led

Hansgrohe logistics experts in 2013 to further streamline the flow of commodities. For instance, the company sources many parts from various suppliers in Italy. By linking these suppliers to a single consignment warehouse in Offenburg, substantial gains were made for climate protection targets. During the first year, the CO₂ reduction was over 120 tonnes; and in 2014 217 tonnes CO₂ reduction should be achievable per year. Hansgrohe also pursues other "green" logistics initiatives. The "Logistics and Supply Chain" working group is currently analysing whether vehicle loads can be increased using double loading floors. Finding the right partners is crucial for such initiatives. The working group is therefore developing an evaluation scheme for freight companies. In future, it will favour those organisations with sustainability strategies in place.



Numerous employee initiatives

Systems technology and management initiatives are not the only focus at Hansgrohe. Employees' commitment is highly appreciated and encouraged. For example, staff can put forward suggestions that Hansgrohe implements in its sustainability policy. Plenty of projects are devised by divisions or individual employees to protect the environment and reduce the consumption of resources. The sustainable use of paper and office printers was one initiative proposed by the sales division in Germany. During her time at the office a student from the Baden-Württemberg Cooperative State University (DHBW) recorded paper consumption in her division and was amazed to discover substantial savings potential. The result was impressive: training courses teaching greater awareness and different printer settings led the office sales team to reduce paper consumption by ten per cent annually, while CO₂ emissions fell by about 200 kg. These are outstanding results. This model is now being rolled out across other divisions.



Greater awareness when using the printer is a simple way of saving up to ten per cent paper every year – and reduces CO₂ by 200 kg

Reduction in use of hazardous substances

One of the company's key sustainability targets includes reducing the number of hazardous materials in use by ten per cent by 2015 in comparison with the reference year 2010. A major step in this direction was the closure of a large chrome plating plant at the Schiltach West plant in 2012. In parallel, after substantial investment the company expanded its optimised plant at the Offenburg site. The result: over 20 per cent higher product output with the same consumption of water

and a clear reduction in hazardous materials due to different chrome plating processes in Offenburg. The company's activities concerning the EU REACH chemicals ordinance (Registration, Evaluation, Authorisation and Restriction of Chemicals) also contribute to the reduction of hazardous substances. Hansgrohe constantly checks which chemicals are essential for the production process and which substances can be replaced by more eco-friendly materials over the medium- and long-term.



Compared to the old galvanization compound in Schiltach's production facility, the optimized galvanization compound in Offenburg's production facility has a 20% greater production output at the same rate of water consumption



Staff and Social Commitment



Staff and Social Commitment

The people are the backbone of the company at Hansgrohe. Employees' qualifications and motivation are key ingredients for the success of the group. It is logical for a meaningful sustainability strategy to take staff needs into consideration. Hansgrohe's aim is to create a working environment with optimal conditions for staff to develop and apply their skills. This includes training, health and employability, work-life balance and projects associated with social responsibility. Such schemes make employees especially proud to work for their employer and improve loyalty over the long term. The selected projects offer insights into the company's sustainability philosophy.

Growth even in challenging times – the Hansgrohe family is constantly expanding

In Germany, the Hansgrohe family now employs 2,178 staff. Worldwide a total of 3,444 staff is employed. Over the past five years the number of staff has continually grown despite a challenging global economic situation. The company is especially proud of the number of new young entrants: on 1 September 2012, 44 new trainees started their career at Hansgrohe. Overall, the number of trainees rose to 131. With a trainee quota of 6.2 per cent, Hansgrohe again exceeded the average rate of 5 per cent for the German metal-working industry. Aside from professional expertise, a traineeship at Hansgrohe is designed to develop the personality and individual talent of each staff member. Early on, young trainees learn to plan and implement projects independently – this is true at German and international locations

“The Porsche of companies for trainees”

This was certainly a visitor's best compliment for the new “Hansgrohe Talent Factory” launched in April 2013. Tutors and trainees have a spacious 1,200 square metre facility and very good conditions for the professional education. Modern training systems, newly installed workshop facilities and processing machines as well as state-of-the-art building technology benefit all trainees. At Hansgrohe, training an upcoming generation of experts has high priority. This is also evident from personnel development and systematic talent management: to establish an efficient promotion scheme, managers are recruited internally from within the company ranks. New managers receive plenty of support in their new roles. The Hansgrohe programme “New to the Managerial Role” provides all the necessary tools for competent managers.



At the “talent factory” trainees have excellent conditions for learning

Employee survey – scope for improvement

Hansgrohe wanted to know the true facts: in 2011 employees took part in a survey to find out how satisfied they are with their employer. Their verdict: Hansgrohe is a very successful commercial company with outstanding products and generous social provisions. They highlighted scope for action in terms of “management”, “perspectives”, “career & family” as well as “working environment” and “employer branding”. The management reacted to these topics and set up the project “Top Employer Initiative” (TEI).

Seven project teams worked to suggest improvements. During 2012 and 2013, these ideas were implemented with a variety of measures including a holiday club to look after children of Hansgrohe workers, the “Home Care & Elder Care” project offering a service for carer relatives and parents, as well as other measures for more flexible working hours. Workshops on topics such as “Management and Cooperation” and “Recognition and Esteem” further advance this improvement process.



The holiday club for employees’ children helps harmonise work and family life

Health and well-being in a process of demographic change

At Hansgrohe, a health management programme focuses on the individual to develop holistic strategies for the health and well-being of all employees. This ranges from ergonomically designed workstations to safeguarding joints and mobility as well as flexible working hours. One example among many measures adopted at the Offenburg site in 2012 shows how a single change can have multiple beneficial effects: Moulded fibre parts are now used as the internal packaging for shower systems. On the one hand, they are environmentally friendly and on the other hand they save staff the time-consuming and labour-intensive step of folding the inlay packaging. This also protects wrist joints, thus reducing the lost time rate.

For Hansgrohe demographic change is another major challenge. As the number of workers aged over fifty and the average age of employees rises, Hansgrohe has launched various projects to optimise the mutual exchange of knowledge between younger and older workers. Thanks to its demographic project MUMM (“Joining in and getting motivated”), Hansgrohe offers older employees the opportunity to define their

own areas of special interest. These include “Maintaining and strengthening employability”, “Work-life balance”, flexible working hours and other organisational matters (sabbaticals, special bonuses paid in time not money, flexible break times) and further education for older employees (learning specially tailored for older staff). The FILM programme (internal project to encourage and reintegrate staff with impaired abilities) seeks solutions for employees who can no longer carry out their previously demanding jobs for health reasons. Here, existing jobs are adapted to suit the health and performance capacity of the individual staff member or new, tailored job solutions are identified.

Safety – a top priority

Occupational safety is a top priority at Hansgrohe. The company is committed to improving safety in the workplace as a key sustainability goal. The Lost Time Injury Rate (LTIR) is a key measure of occupational safety. The company strives to achieve an LTIR of 1.0 by 2015. The company therefore also launched many further measures in addition to existing activities. Alongside the further optimisation of work processes, in 2012 and 2013 enhancing awareness and staff training were at the top of the agenda.



Staff ideas were the basis of a poster campaign on occupational safety

Excellent – personal commitment from the Hansgrohe family

Hansgrohe rewards personal commitment to more sustainability in our daily routine. In 2012, for the first time it invited entries from staff for the “Hansgrohe Sustainability Prize”. 43 projects were submitted – staff worked to improve environmental protection and sustainability in their immediate milieu. Their ideas ranged from more discipline in waste separation to eco activities for the conservation of species diversity to the conversion to hybrid vehicles.

One employee was awarded the main prize for social commitment for his voluntary work with the citizens’ initiative “Citizens Energy Niedereschach eG”. This cooperative aims to make the local community more independent from energy suppliers by constructing biogas and photovoltaic plants – to date a reduction of 178 tonnes CO₂ annually has been achieved. The prize for private initiatives went to two female employees who refurbished their homes and each could avoid about 18 tonnes CO₂.



Over 40 private projects were received for the Hansgrohe Sustainability Prize

Assuming responsibility – beyond the factory gates

Hansgrohe’s social commitment is long-standing and a vital part of the group’s corporate culture. The key to funding initiatives is the sustainable use of water as a natural resource. This is reflected, for example, in the “Hansgrohe Prize: Efficient Water Design”, already awarded for a second time in the context of a competition organised by the International Design Forum. “My Green Shower Pleasure” was an inspirational slogan for international young designers to contribute creative ideas combining sustainability and design.

Water symposia are also regularly held and based on a similar objective: such events put the spotlight on the fascination and fragility of the vital element of water. Various different countries and cultural circles are involved in raising awareness about the multi-faceted aspects of this natural resource – from water musicians to environmental campaigners and climate experts or tea masters.



The annual Hansgrohe Water Symposium focuses on relaying impulses for a sensible interaction with water

Namibia – education about the precious resource

Hansgrohe also supports international projects intended to raise awareness about water as a precious resource. In North Namibia, one of the most arid regions in the world, the sustainable use of water is vital for survival. School projects here can have a particularly powerful impact. They can change behaviour in the long term and send out school pupils as ambassadors for “green awareness” to their families and local neighbourhoods.

In 2012, Hansgrohe funded educational projects in Namibian schools. These arose from the successful social media campaign “Charity for Namibia”. The Hansgrohe Group also sponsored a weather station for integrated water resource management. This weather station, located at the Oshakati University campus near Ongwediva, means that the local population in this region can also use rain forecasts and related flood warnings more effectively.



Hansgrohe and its Facebook friends fund a school project in one of Namibia's most arid regions

China – tea plants to prevent erosion

In China, Hansgrohe supports several projects simultaneously. The Chinese Hansgrohe subsidiary donated showerheads for 1,750 families in China on behalf of the non-profit organisation Heifer. Another parallel initiative in China is the reforestation of cleared areas in Jinxiu in Guangxi Province. Here, a tea plantation was cultivated with funding from Hansgrohe. This is to prevent more erosion of the land and to generate additional ways for the local people to earn a living.

Village of Hope in South Africa

The "Village of Hope", a children's home in south-western South Africa, offers young residents shelter and a home filled with hope. On a former farm in the townships of Grabouw, the NGO Thembalitsha has set up a camp for children directly or indirectly affected by the HIV virus. In South Africa currently there are an estimated two million orphans suffering from Aids – any support is vitally needed here. Architecture students from Stuttgart refurbished existing buildings for free as part of the project "ukuqala3 – Build together, learn together", and also constructed a 75-square metre new building. Hansgrohe donated numerous kitchen and bathroom products for the children's home. Key factors for this equipment were quality, durability and the efficient use of water and energy. This helps achieve low running costs at the Village of Hope – and the children have plenty of fun, as they take care of their daily hygiene.



The new sanitation pavilion at the "Village of Hope"

Fresh inspiration in Germany's schools

Another important initiative is the "Toilets for School" campaign. Even in Germany it cannot be taken for granted that schools have appropriate toilet and washroom amenities. Hansgrohe is therefore a co-supporter of the competition set up by the German Toilet Organization (GTO) with the aim of attracting new ideas and fresh inspiration for Germany's school toilet facilities. 79 schools from all over Germany participated in the unusual competition and surprised the jury with their smart ideas. The four winning schools can look forward to two brand new toilet washroom facilities – again, Hansgrohe is donating the fittings.



Campaign for cleaner school toilets



"Hansgrohe is among the pioneers in the sanitation industry for environmental protection. Our focus was on eco issues and sustainability long before the topics became a general societal concern."

Richard Grohe, Deputy Chairman Hansgrohe SE



Statement GRI Application Level Check

GRI hereby states that **Hansgrohe Group** has presented its report "HG Sustainability report 2011/2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 25 October 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 16 October 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

You can find further online information and details about Hansgrohe's sustainability policy in the sustainability updates compiled under the guidelines of the Global Reporting Initiative (GRI) at www.hansgrohe.com/sustainability.

Credits

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