



Sustainability Report 2021/2022



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1. PROLOGUE



Welcome to the first sustainability report of KEUCO GmbH & Co. KG

Sustainability is the issue of our time. To remain successful as a company in the long term, it is important to give back to society what makes this success possible. It is necessary to respect the limits of our planet and our society and to act within them. That is what we have set ourselves as our goal. In this context, our contribution to climate protection is only one aspect, albeit a very important one. Other sustainable issues, such as more resource efficiency, water conservation and social contributions are also part of what we have set out to do. In many areas, we have already made the economic, ecological and social aspects of sustainability our business. We have an obligation to future generations to continue on the path we have chosen, to face up to the issues and to actively shape the future. Only ecological action also secures our economic future.

We are delighted that you are joining us on this journey.

Lubert Winnecken, Managing Director KEUCO

2. The Company - Origin and Vision



Origin and Vision

KEUCO GmbH & Co. KG was founded in 1953 in Hemer, Westphalia, under the name Paul Keune + Co KG. A small company became a group of companies. Everyday workflows have become technically complex processes. Much has changed in the seven decades since the foundation, but the goal and vision of the early days have always remained the same: to beautify bathrooms, make them better and more comfortable.

KEUCO's first-class quality continues to be developed and manufactured in Germany - at two locations in North Rhine-Westphalia. The head office is located in Hemer, Westphalia. From the original market leader for bathroom accessories, KEUCO has continuously expanded, renewed and supplemented its range and today offers numerous fittings, accessories, mirror cabinets, washbasins and bathroom furniture "Made in Germany". With many years of expertise, KEUCO knows how to skilfully blend tradition and innovation to create first-class bathrooms for the future. Besides Germany, these are mainly exported to neighbouring European countries, but also far beyond. KEUCO has been awarded numerous design prizes, such as the Red Dot Award,

Design Plus Award, IF Design Award, German Design Award and the Iconic Award, for its innovative bathroom furnishing concepts and products.

Behind this are more than 500 employees worldwide who, as a well-coordinated team, position KEUCO in the premium segment of the sanitary industry. They all share a passion for making every minute in the bathroom perfect. But also the pleasure of working for a traditional market-leading company like KEUCO. As part of a large family business that values its employees and understands how to combine the individual competencies to create the KEUCO brand.

The main shareholders are all family members of the company founders. 100 % of the company shares are in family hands. Today, KEUCO is managed by Lubert Winnecken. He is assisted by a management circle responsible for the individual divisions.

In order to be successful in the long term, to be able to count on satisfied employees and to be able to survive in competition, economic factors as well as social aspects and ecological components have always been very important to KEUCO. A successful future is only possible when these three aspects interact.

About this report

This sustainability report is provided on a voluntary basis. There is no obligation to report, but it is our concern to examine the company from a sustainability perspective and thus make it fit for the future. We have made this promise to ourselves and to future generations.

KEUCO produces a comprehensive sustainability report for the first time. We are guided by the reporting standard of the German Sustainability Code (DNK), the Global Reporting Initiative (GRI), the United Nations Development Goals (SDGs) and the requirements of the International Labour Organisation for the promotion of social justice and human and labour rights (ILO).

For reasons of better readability, this report does not use the language forms male, female and non-binary (m/f/n) at the same time. All references to people apply equally to all genders.

The KEUCO sustainability report, based on the financial years 2021/2022, includes the essential data required for the development, production and marketing of our high-quality products. Here we look at the Hemer and Gütersloh production sites. Employees from all areas of the company - from materials management, production, electroplating, quality control, marketing/development and sales, facility management and logistics were involved in the preparation of this report. The information and data they gathered was validated and classified. Sustainable Now GmbH, Regensburg, supported this process. Together, measures were derived and planned.

As this is the first KEUCO sustainability report, there are sometimes no comparative figures from previous years. In future, the report will be updated at regular intervals, so that the next report will increasingly contain concrete development trends and strategies for action.

We invite you to learn about our sustainability strategy and sustainability performance on the following pages.

102-16 Values, Principles, Standards and Norms of Conduct of the Organisation (GRI)

Principles of our Actions

In 2010, we developed and manifested the principles of our actions in an intensive process. They are clearly displayed for all employees. The following is firmly anchored in it.

Our claim:

We transform bathrooms into spaces of personal well-being. We achieve this through products that offer added value for the customer through a perfect combination of aesthetics and function, of tradition and innovation. Highest quality and sustainability contribute to success.

To achieve this, the following principles are binding for all of us:

Quality:

We stand for uncompromising quality. The aim of our daily activities must be to design product and service quality in such a way that errors are excluded. This applies to all employees and processes. The quality of our products and services secures the existence of our company and our jobs.

Environmental protection and occupational safety:

We operate our processes in such a way that the impact on the environment is kept to a minimum, resources are conserved and employees are not put at risk. We feel obliged to do this for future generations.

Partnership:

Reliability in our relationship with our customers as well as with our suppliers and colleagues is indispensable. Friendliness and mutual respect create a climate of trust.

Employees:

KEUCO lives through its employees. Therefore, they are deployed according to their abilities and supported in their professional and social competence, so that they can meet the requirements of their tasks.

Our employees are prepared to take responsibility towards their colleagues, the customer and the supplier. Every employee affirms the continuous improvement process. He is committed to it on his own responsibility and permanently strives for the highest perfection. The commitment of all employees is consistently geared towards the satisfaction of our customers. The success of our company is based on the competence of our employees.

Leadership:

Our managerial staff are reliable and consistent. They are fair and capable of self-criticism and lead in a goal-oriented manner. Our managers promote the social and professional development of their employees.

Innovation and Change:

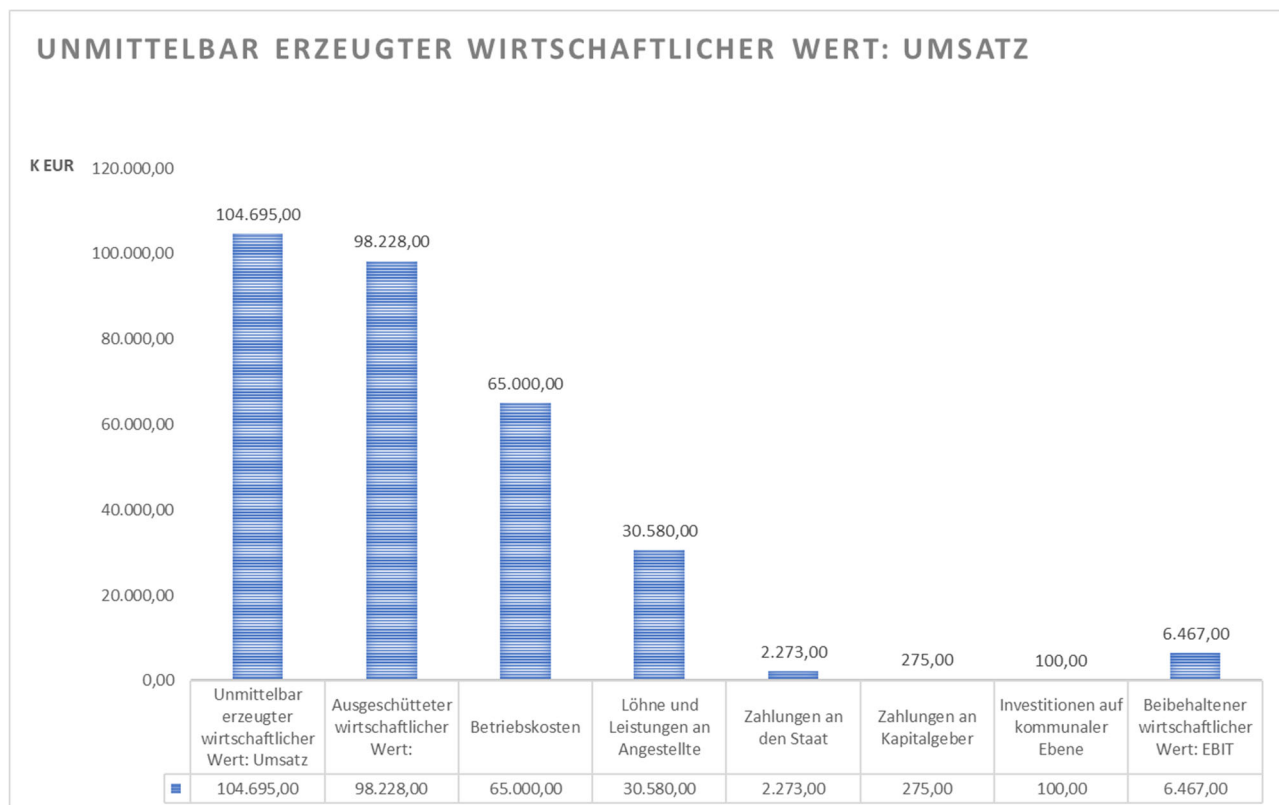
We see ourselves as a constantly evolving and learning organisation in which necessary changes and improvements are brought about immediately. In this context, managers and employees see themselves as a team that is characterised by a “we” attitude and is oriented towards the task and not towards the hierarchical structure. Innovation and change are mandatory building blocks of our daily actions.

Economic Success and Social Responsibility:

We see the generation of profits as the basis for securing the company and for creating and securing attractive jobs. This is how we face up to our socio-political responsibility as a company.

201-1 Direct Economic Value Generated and Distributed (GRI)

With our business activities for the 2021 financial year focused on the German location, we are generating a significant economic contribution for the regions of our Hemer and Gütersloh production sites.



3. Strategy Sustainability



3.1. Strategy

Aspiration and Attitude

Social change and social responsibility are increasingly influencing the attitude and actions of companies. In this context, the ecological aspect is playing an increasingly important role alongside economic and social interests. We must therefore take responsibility every day, face up to the issues of the future and play an active role in shaping them. The prerequisite for this is to create a sustainable awareness for ecological action and to implement concepts for conscientious treatment of the environment and nature.

Developing sustainable solutions for bathrooms has been part of KEUCO's corporate philosophy for years - this applies both to the products themselves, but also to each individual production step. This is the only way we can develop and produce products for this and future generations in the long term and secure jobs.

Since the foundation of our family-owned company, it has been our aim to combine perfect, innovative design with durability in our products. In this way, we have always made a contribution to the careful use of resources. This is not the only reason why we can say that sustainability plays a central role in our company. We have now explicitly integrated our claim to combine sustainability in all its dimensions, i.e. ecological, economic and social, with sophisticated design into our corporate strategy.

At the same time, it is important for us to align our strategic partnerships in such a way that they meet our sustainability standards. This is particularly visible in the cooperation with the Austrian manufacturer TEAM7. TEAM7 has been sustainably producing the KEUCO EDITION LIGNATUR solid wood bathroom furniture since 2016. (www.team7.at)



Sustainability is one of five defined pillars of KEUCO's corporate strategy. We have made it our task to continue the path we have taken towards sustainable development

Continue corporate direction consistently and permanently so that we can secure the long-term success of our company and pave the way for future generations. We feel committed to this.

In this context, we have defined the following key fields of action. We pursue the implementation of these fields of action consistently and purposefully, with an organisation that is geared towards them.

Nachhaltige Innovationen



Sozial & ökologisch nachhaltige Lieferketten



Nachhaltige Produktion



Klimaschutz übergreifend



3.2. Materiality

Aspect 1: Special features of the business environment

KEUCO produces fittings and accessories at its headquarters in Hemer. The heart of the company is the electroplating shop where the high-quality surfaces are created. The surface gives the products that special deep shine, is easy to clean and makes them robust and durable. It is an essential quality and design feature of our high-quality fittings and accessories.

Mirror cabinets and illuminated mirrors made of aluminium with the latest LED lighting technology are manufactured at the Gütersloh plant. Only high-quality materials are used for KEUCO mirror cabinets. The aluminium carcasses are ideally suited to damp rooms. Gently closing hinges, clever glass interior dividers and mirrored doors on both sides are the distinguishing features of the mirror cabinets. The production also allows for custom-made products and so no wishes remain unfulfilled.

The business model of KEUCO GmbH & Co KG is associated with significant environmental impacts, particularly in the product area of fittings and accessories. The use of chemicals, water and energy and the associated emissions, but also the associated consumption of resources, are the central factors. This is also increasingly reflected in the legal framework applicable in this regard. Within the framework of the sustainability strategy, we aim to minimise these impacts.

By manufacturing our products exclusively in Germany, we can meet the highest social and ecological standards. With the vast majority of our suppliers being German and European, this also applies to a large extent to our supply chains. For suppliers outside the European Economic Area, special attention must be paid to ensuring compliance with minimum ecological standards of human rights and international labour regulations.

Aspect 2 and 3: Key sustainability issues

In order to specifically identify our largest and most important levers, the sustainability topics relevant to KEUCO were developed and defined according to the principle of materiality. The report is based on the 2021 financial year, but also presents changes within the company that have taken effect in the 2022 financial year.

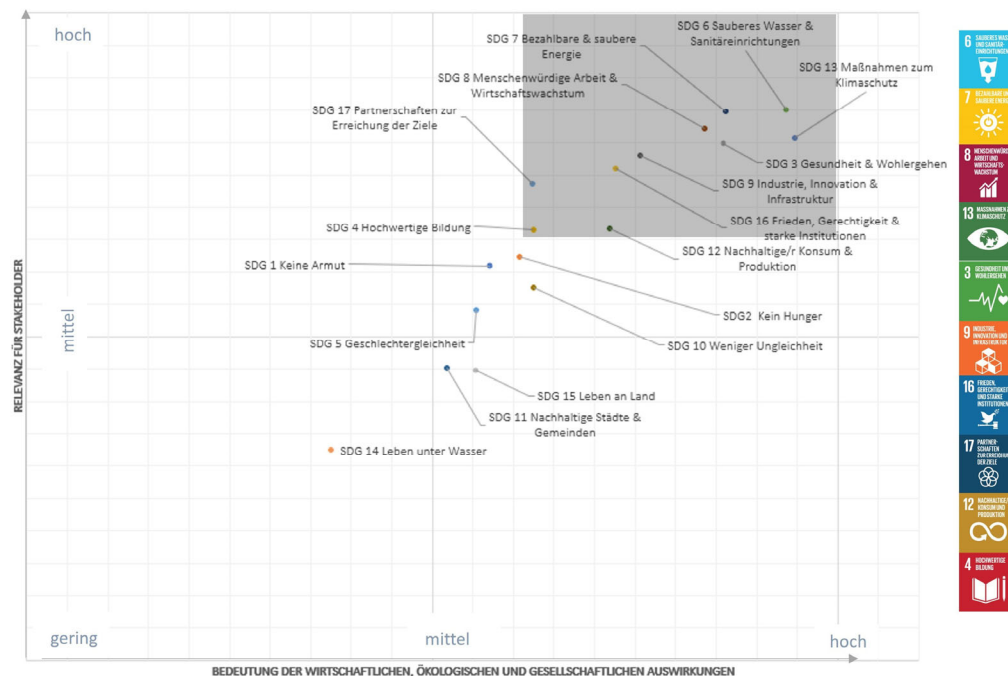
The sustainability topics emerged from a materiality analysis, for which both influences and effects were considered that have or will have an external effect on KEUCO in the reporting year or in the future, as well as external effects of our entrepreneurial activities on the environment and society. In doing so, we were guided by the 17 United Nations Sustainable Development Goals (SDGs).

In a first step, the most important stakeholders were defined and asked for their assessment in an SDG-based questionnaire.

The stakeholders interviewed were representatives from trade, associations, financial institutions and the employees of our company.

In a second step, the results were mirrored against the assessment of the sustainability team and the management on the basis of the same questionnaire.

This resulted in the following picture of our materiality matrix:













Economic, ecological or social influences and impacts from the outside on the company (outside-in) as well as from the company to the outside (inside-out), today and in the future from the perspective of the most important stakeholders and the company itself, were defined as significant. The latter was represented by the newly introduced sustainability team, which represents KEUCO's various disciplines with experience and know-how. The grey frame indicates which SDGs are considered essential for KEUCO. The limit of materiality was drawn at an average minimum rating of 2.3 for both perspectives. SDG 4 and 17 were included in particular due to the high stakeholder rating.

In order to be able to take account of future fundamental changes and new requirements, this materiality analysis is to be revised at regular intervals and the results incorporated into the sustainability strategy.

With the help of the results from the dialogue with our stakeholders, positive and negative aspects were discussed. The results were incorporated into the derivation of the main fields of action and their measures.

Outside-In Perspective

Relevant SDGs	Positive influences	Negative influences
		Water as an increasingly scarce resource, reinforced by climate change
	European legislation and protection of domestic markets (Carbon Border Adjustment Mechanism) EU taxonomy as a European standard	Risks from legal requirements and associated costs (Insufficient adaptation to) climate change as a risk for supply chains and production
	Self-generation and self-sufficiency is becoming increasingly attractive	Danger for supply security and cost increases as a result of the Ukraine conflict
	With good occupational health management, high employer attractiveness and productivity	Absences due to occupational health hazards (ergonomics, stress, accidents, chemicals)
	New legal regulations, such as the German Supply Chain Due Diligence Act, support efforts to ensure human rights due diligence	
	Development of sales markets in emerging and developing countries	Competition from emerging markets
	Peace as the basis for resilient supply chains and calculable procurement and sales markets	Ukraine conflict still a risk for sales, supply chains, energy supply
	Great demand for sustainable products and associated market opportunities	Very high expectations for sustainable products & manufacturing, competition with sustainable products, resource scarcity
	Partnerships with suppliers, research institutes, customers to achieve sustainability goals	
		Availability of talent, shortage of skilled workers in Germany as a risk

Inside-Out Perspective

Relevant SDGs	Positive influences	Negative influences
	<p>Major impact on availability of clean water & sanitation facilities</p> <p>Possibility to develop and produce innovative water saving solutions</p>	<p>Water consumption during product manufacture/use</p>
	<p>Possible positive impact through targeted emissions reduction along the value chain</p>	<p>Emissions from the value chain</p>
	<p>Own generation of renewable energies</p>	<p>Energy consumption of the organisation and the supply chain</p>
	<p>Future: Criteria for occupational health and safety for supplier sourcing</p>	<p>Along the value chain: Work-related illnesses & occupational accidents</p>
	<p>Ensuring decent work and sustainable economic growth</p> <p>Future: sustainable supply chains & manufacturing, contributions to the common good and enabling life with living wages</p>	<p>Possible human rights violations in the supply chain</p>
	<p>Creation of resilient structures through high regionality of value creation</p>	
	<p>Sourcing and manufacturing with majority in Europe: Promoting democratic institutions and compliance with European laws.</p>	<p>Small share of the supply chain from Asia with dubious regimes: possible human rights violations</p>
	<p>Development of new, more environmentally efficient solutions (new materials and manufacturing processes)</p>	<p>Pollution: Chemical and water use, resource consumption, emissions over the product life cycle</p>
	<p>Offer added value with partnerships to achieve sustainability goals, e.g. well project, in the future: Further development of sustainable manufacturing processes</p>	
	<p>Social contribution through in-company education and training system</p>	

From these considerations, the following four essential fields of action with the corresponding SDGs have emerged. They form the framework of our strategic sustainability activities:

Nachhaltige Innovationen



Sozial & ökologisch nachhaltige Lieferketten



Nachhaltige Produktion



Klimaschutz übergreifend



These essential fields of action are further described on the following pages and will be referred to throughout.

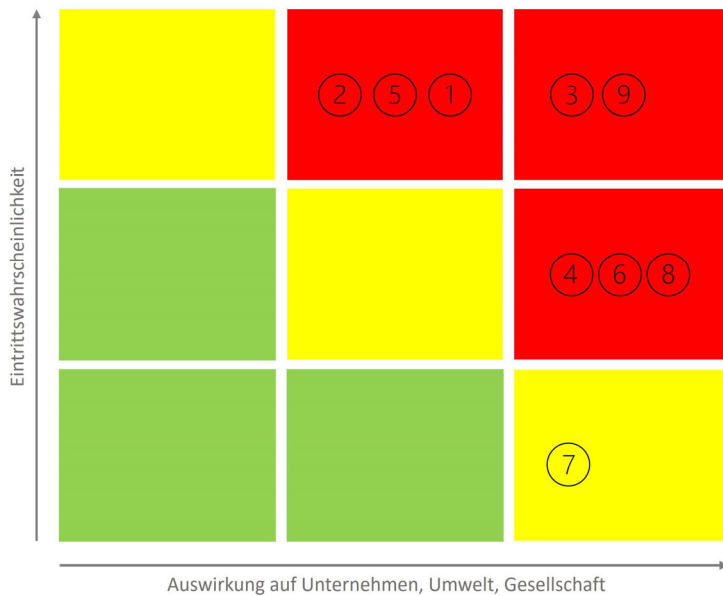
Aspect 4: Opportunities & Risks

We derived possible opportunities and risks from the inside-out and outside-in perspective of the stakeholders interviewed on the relevant SDGs. The probability of occurrence was taken into account, as was the impact of serious issues. For example, with regard to the risk of human rights violations. We estimate their occurrence to be low due to our predominantly local supply chains. However, it is clear to us that any kind of human rights violation is of grave proportions. The risk rating was therefore upgraded for this. For the next risk assessment, we plan to add the dimension of the reversibility of risks that have occurred.

Opportunities:



Nr.	Chancen
1	Umsatzwachstum nachhaltige Produkte
2	Barrierefreiheit als nachhaltiges Produkt
3	Langfristige & regionale Lieferketten
4	Klimaneutralität
5	Arbeitgeberattraktivität als nachhaltiges Unternehmen

Risks:

Nr.	Risiko
1	Verschärfte Klimagesetzgebung
2	Anstieg CO2 Steuer
3	Energieversorgungssicherheit
4	Umweltverschmutzung (Chemikalien)
5	Nachhaltige Konkurrenzprodukte
6	Konkurrenzlösungen Galvanik
7	Versäumnis Lieferketten-sorgfaltspflichtengesetz
8	Verletzung Menschenrechte
9	Fachkräftemangel
10	Wassereffizienzlabel
11	Versäumnisse Anpassung Klimawandel

We take comprehensive account of the opportunities assessed with our sustainability strategy and the four key fields of action associated with it.

3.2.1. Essential Fields of Action

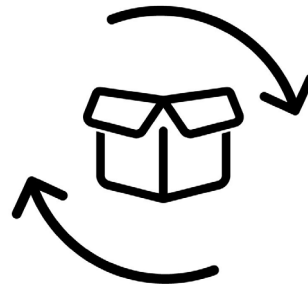
Nachhaltige Innovationen  	Sozial & ökologisch nachhaltige Lieferketten   
Nachhaltige Produktion     	Klimaschutz übergreifend 

The most important fields of action are outlined below.

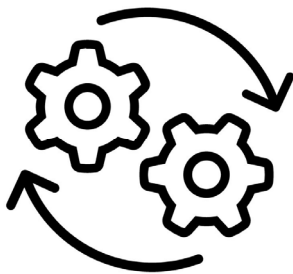
Sustainable Innovations



Socially & Environmentally Sustainable Supply Chains



Sustainable Production



Climate Protection



3.2.2. Sustainable Innovations



The innovation process is a key driver of a company's sustainability performance. It influences the required use of raw materials, energy, chemicals and recyclability, as well as the associated environmental impacts. Innovations work in procurement, manufacturing as well as in application. Thus they are essential for consideration.

Our vision

Our aim is to develop products that, when used daily, will continue to fulfil their function and give pleasure for many years to come.

We develop high-quality products in which form and function are in harmony and which have a long service life.

At the same time, our goal is to develop products in such a way that they can also be produced and returned to the cycle from a sustainability perspective.

The primary aim here is to keep energy consumption as low as possible and to use valuable raw materials sparingly.

Furthermore, it is our aspiration to develop products that future generations will enjoy, that offer added value, that reflect trends and are therefore fit for the future.

This is not only about design, but also about the resource-saving use of energy and water.

Design, durability and functionality are in the foreground today

KEUCO products are high-quality and durable with a long repurchase guarantee and have a high standard of design and functionality.

We produce water-saving fittings and use energy-saving LEDs for mirror cabinets and illuminated mirrors. Our focus today is primarily on the aspects of "function and design".

With our field of action "Sustainable Innovation", we complement this view with further perspectives on sustainability. We establish sustainability as a central factor in our innovation management.

The following are our **goals and aspirations**:

- Longevity
- Integration of sustainability aspects into our development process
- Water management with water- and energy-saving fittings
- Use of REACH-compliant materials
- Development of recyclable products

In this context, five main projects were defined, which will be implemented in the coming months and years.

Durable products

We develop products that still function reliably after many years of use and meet the demands.

Water management

In the future, we would like to develop taps that are not only more water-saving but also more energy-saving in use.

REACH-compliant products

It is our claim not to use any materials in our products or processes in our production that are prohibited by laws (e.g. REACH) or other specifications (UBA). To ensure this on an ongoing basis, we are planning to establish a database for the product development area that lists those materials that are suitable for use in our products. A special focus here is the topic of galvanisation. We currently use the chromium trioxide CrVI process for chrome plating. Since chromium trioxide (Cr VI) has been placed on the substance ban list by the ECHA, the development of an alternative process has top priority. It is not yet clear when this ban will finally come into force.

Mirror cabinets as drivers of innovation

In the development of mirror cabinets, investigations will be carried out in the future to analyse the use of alternative materials. The consideration takes place over the entire product life cycle and compares, for example, aluminium with other materials. On this basis, the use of resources is to be improved. In mirror cabinets, illuminated mirrors and vanity mirrors, we strive for innovation leadership, among other things with a focus on "resource use over the entire life cycle".

Cradle to cradle (C2C)

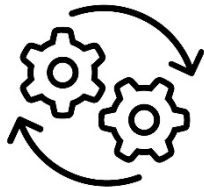
Cradle to cradle means "from the cradle to the cradle". This is an approach that differs from the classical linear economy. Instead of from production to consumers, cradle to cradle follows a cycle in which nothing is lost. All materials should be reusable without loss of quality. We see this as our ultimate goal. With the previously described project of the mirror cabinets, we are moving in this direction for the first time. In the coming years, we plan to develop further concepts for this and incorporate elements for this into our development criteria (e.g. check use of recycled materials, recyclability)

Demarcation: All these projects focus on the development of new products.

Performance indicators: The relevant key figures of this field of action can be found in the overview of performance indicators (see Process Management)

Governance: The implementation requires above all the adaptation of our previous development process. Ensuring implementation is done as described elsewhere (see Process Management).

3.2.3. Sustainable Production



The manufacture of our products is within our direct sphere of influence. We therefore have a great responsibility, as well as great potential for social and ecological sustainability at our locations.

For this reason, we have defined "sustainable production" as one of our key topics and backed it up with vision, goals and measures.

Our vision

We strive to ensure that our production is characterised by social and environmental sustainability.

Ecological sustainability should be reflected in particular in the reduction of resource use (focus on consumption of energy and water), but also in the reduction of the use of environmentally harmful materials.

For us, social sustainability in manufacturing puts focus on the employee. This is to further increase the protection of employees. In the long term, we want to develop and implement occupational health and safety and health management concepts beyond the legally prescribed standards. This also includes the continuous training and further education of our staff.

We have set the following **goals**:

- Reduction of energy consumption (electricity, gas, district heating, fuels)
- Reduction of waste generation and increase of recycling rate
- Further reduction of occupational accidents and diseases
- Simplify/streamline processes through digitalisation We take
- targeted measures to:
 - Improve the health of the workforce
 - Reduce the costs of sickness-related absenteeism - and at the same time
 - Increase performance and competitiveness
 - Strengthen the satisfaction of the employees and
 - Increase attractiveness as an employer (employer branding)
 - Address the shortage of skilled workers through education and training

We plan to achieve these goals with the following **projects and measures**:

Resource consumption (focus on water and energy)

At our production sites, we will systematically use the available resources wisely. To this end, we want to sensitise KEUCO employees to the use of resources and equip them with various tools to meet this goal. In addition to the employees, the working environment, production areas, buildings and infrastructure are to be gradually transformed in a holistic manner in order to make better use of resources.

Occupational safety

In the future, we not only want to fulfil the minimum legal requirements, but also to develop a contemporary occupational safety concept with targeted measures in order to maintain the competitiveness of the company and to take into account the changing working conditions.

Health Prevention

We at KEUCO would like to maintain or even improve the health and working ability of our employees with targeted measures within the framework of holistic health management. The change from workplace health promotion to the establishment of targeted workplace health management is successful. Strategies and concepts are developed so that the workforce can better cope with occupational demands and stresses in the long term.

Education/training (incl. employability)

We plan to effectively counter the shortage of skilled workers with targeted education and training.

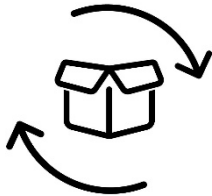
Demarcation: At this stage, the use of production material is not considered.

Performance indicators: The relevant key figures for this field of action can be found in the overview of performance indicators (see Process Management)

Governance: The implementation of the planned measures requires, in particular, the adjustment of our current procurement process for energy and energy-related equipment, but also of our health and further training management.

Ensuring implementation is done as described elsewhere (see Process Management).

3.2.4. Sustainable Supply Chains



Our impact on the environment and society does not begin with our own manufacturing process, but right at the start in the value chain. For this reason, our third key field of action is that of "sustainable supply chains".

Our vision

Together with our suppliers, we want to minimise risks and further expand long-term relationships by acting responsibly.

Therefore, when selecting suppliers, we pay attention to compliance with ethical standards, responsible working practices as well as occupational health and safety and environmental protection.

The following objectives are intended to make this a reality:

- By the end of 2023, we will assess 80% of our existing and future suppliers taking into account environmental and social sustainability aspects.
- From 2024 onwards, KEUCO will assess 100% of new suppliers on the basis of social criteria.
- By 2025, we will screen 80% of critical suppliers for human rights compliance or conduct a human rights impact assessment. We want to have 100% knowledge about negative impacts in the supply chain and actions taken.
- At least 80% of our new products should be "Made in Germany".

The following **measures & projects** have been defined for this purpose:

Exercising human rights due diligence

It is our claim to comply with the German Supply Chain Due Diligence Act, regardless of whether the legal requirements apply to KEUCO.

Orientation of the product portfolio towards Made in Germany

Our goal is to orient our product portfolio towards "Made in Germany".

Supplier screening

Screening of existing and future suppliers on the topic of environmental and social sustainability

Packaging concept

Our goal is to develop concepts for maximally efficient shipping packaging and thus reduce Scope 3 emissions.

KEUCO Logistics

Optimisation of logistics efforts with central measures such as centralisation of the supply chain and reduction of the number of shipments.

Further information can be found in the sections "Depth of value creation", "Human rights" and "Emissions".

Demarcation:

We follow the requirements of the German Supply Chain Due Diligence Act. Certifications according to ISO standards are not considered. Similarly, the handling of conflict minerals plays no role, as these do not find their way into KEUCO products.

Greenhouse gas emissions from the supply chain are not a central topic of this field of action, as this will be addressed in the area of climate protection at a later stage.

Performance indicators: The relevant key figures of this field of action can be found in the overview of performance indicators (see Process Management)

Governance: The implementation will be accompanied by adjustments in the areas of supplier management as well as logistics and shipping. Ensuring implementation is done as described elsewhere (see Process Management).

3.2.5. Climate Protection



Climate protection is the global challenge of the future. We want to make a contribution and develop environmentally friendly products that save water and energy. We want to become independent of fossil fuels, save energy and produce in an environmentally friendly way. Therefore, "climate protection" is our fourth essential field of action.

Our vision

Our ultimate goal is that of a climate-neutral company along the entire value chain by 2045. This will be done through various approaches. When purchasing or refitting facilities and building technology, the focus should also be on energy-saving and environmentally friendly systems. Furthermore, the focus is on the purchase of green electricity. Implementation is to take place in the short term over the next few years. The already existing share of self-generated renewable energies is to be further expanded.

Our goals were defined as follows:

Objective 1: Reduction of CO₂ emissions Scope 1 and 2 -40% by 2032

Objective 2: Climate neutrality at least in Scope 1 and 2 by 2045

Objective 3: Reduction of Scope 3 emissions starting in 2024

Objective 4: Increase own generation from photovoltaics to 5% by 2025.

The following **projects & measures** will support the achievement of the goals:

Energy efficiency

The goal should be to continuously optimise our energy efficiency. This is to be implemented through energy efficiency projects. The prerequisite for this is the creation of a holistic energy monitoring system and, in parallel, the regular implementation of energy audits. The regular sensitisation of employees is just as much a part of this as the development of internal framework conditions to facilitate energy-efficient investments.

Renewable Energy Purchasing

The goal is to switch to 100 % renewable energy by 2024. In the medium term, there is also a desire, subject to the possibilities and technical innovations, for

gas and district heating to switch to renewable energies; if necessary, this implementation will take place gradually.

Regenerative own generation

It is our intention to further expand our own renewable energy production within the scope of our possibilities.

Reduction of fleet consumption

We are gradually reducing the consumption of our fleet.

Demarcation: The focus of the measures is currently on Scope 1 and 2. With the expansion of the focus to Scope 3 emissions from 2024, further projects will be derived and reported.

Performance indicators: The relevant key figures for this field of action can be found in the overview of performance indicators (see Process Management).

Governance: The implementation of the planned measures requires in particular the adjustment of our previous procurement process for energy and energy-related equipment. The implementation is ensured with the help of the establishment of an energy efficiency team and superordinate as described elsewhere (see process management).

3.2.6. Overview of the Goals

Aspect 1: Medium and long-term goals

Our ultimate goal is to transform into a holistic and consistently sustainable company. To achieve this goal, it was necessary to anchor sustainability as a strategic pillar in our corporate strategy and to create all the conditions for consistent implementation in the future.

As part of the 2022 strategy process, the main fields of action of the sustainability strategy were defined for the first time on the basis of our materiality analysis and concrete goals for medium- to long-term implementation were defined.

Sustainable innovation

Essential aspects of our sustainable orientation are the products themselves. We produce, among other things, fittings that save water and thus energy thanks to a flow limitation. Our high-quality products are designed to give pleasure even after many years. And should something not be in order, our spare parts service offers a solution. At the same time, we make sure that we have products in our range that can be used by people of all ages and constitutions. This is what we mean by sustainable products.

Our goal is to continue to develop and design innovative products that can be produced in a way that conserves resources, from materials and with surfaces that are manufactured in an environmentally friendly way. At the same time, these products should be particularly durable, for which spare parts are still available decades later, and which people of every generation can enjoy for a long time.

Objective 1: Durability of our products

Objective 2: Integrate sustainability aspects into our development process

Objective 3: Water management with water- and energy-saving fittings

Objective 4: Use REACH-compliant materials

Objective 5: Development of recyclable products

Sustainable Production

In the future, we expect our production to be characterised by social and environmental sustainability.

Ecological sustainability should be reflected in particular in the reduction of resource use (focus on consumption of energy and water), but also in the reduction of the use of environmentally harmful materials.

For us, social sustainability in manufacturing puts focus on the employee.

Objective 1: Reduction of energy use (electricity, gas, district heating, fuels).

Objective 2: Reduce waste generation and increase recycling.

Objective 3: Further reduce occupational accidents and diseases.

Objective 4: Simplify/streamline processes through digitalisation.

Objective 5: We take targeted measures to maintain/improve the health of the workforce.

Objective 6: Countering the shortage of skilled workers with education and training.

Sustainable Supply Chains

Together with our suppliers, we want to reduce risks and further expand long-term relationships by acting responsibly.

Therefore, when selecting suppliers, we pay attention to compliance with ethical standards, responsible working practices as well as occupational health and safety and environmental protection.

Objective 1: By the end of 2023, we will assess 80% of our existing and future suppliers taking into account environmental and social sustainability aspects.

Objective 2: From 2024 onwards, KEUCO will assess 100% of new suppliers on the basis of social criteria.

Objective 3: By 2025, we will screen 80% of critical suppliers for human rights compliance or conduct a human rights impact assessment.

Objective 4: We want to have 100% knowledge about negative impacts in the supply chain and actions taken.

Objective 5: At least 80% of our new products should be "Made in Germany".

Climate Protection

The climate is a precious commodity. In order to protect it, our goal is to continuously reduce CO2 emissions to the point of climate neutrality.

To this end, we will focus on our own emissions, but also those along our value chain.

Objective 1: Reduction of CO2 emissions Scope 1 and 2 -40% by 2032

Objective 2: Climate neutrality Scope min. in Scope 1 and 2 by 2045

Objective 3: Reduction of Scope 3 emissions starting in 2024

Objective 4: Increase own generation from photovoltaics to 10% by 2025.

Aspect 2: Prioritisation of our goals

As the result of our materiality analysis, the fields of action described are of equal priority for us. The order in which the objectives are listed corresponds to the planned implementation priority.

Nevertheless, implementation does not necessarily have to be sequential, but can also take place in parallel. This determination was and is made depending on the required and available capacities at KEUCO.

Aspect 3: Achievement of the strategic sustainability goals

So far, individual ESG measures have been implemented and monitored mainly on a decentralised basis. In terms of central ESG management, there will be a progress report for the main fields of action with all relevant targets and key figures, which will be presented to the management at regular intervals. The sustainability manager and the respective project managers as well as, on a strategic level, the executive board are operationally responsible (for further information see Responsibility).

In this way, the activities can be coordinated, controlled and checked for their effectiveness in a targeted manner.

Aspect 4: United Nations Development Goals

All of our four key areas of action and related goals are based on corresponding Sustainable Development Goals (SDGs) of the United Nations.

Nachhaltige Innovationen



Sozial & ökologisch nachhaltige Lieferketten



Nachhaltige Produktion



Klimaschutz übergreifend



3.3. Stakeholder Participation

Aspect 1: Stakeholder identification

For a targeted and effective sustainability strategy, dialogue with our stakeholders is important to us.

In a targeted brainstorming session of the cross-functional sustainability team, the most important stakeholder groups were identified from an economic, ecological and social perspective. The results were then compared with external sustainability consultants.

As a starting point, it was considered which economic, ecological or social demands exist/can exist.

Aspect 2: Stakeholders

KEUCO's key stakeholders represent both internal and external groups:

EXTERNAL

- End customer
- trade
- Suppliers (including their employees, associations)
- Society (legislators, partners of social projects, region, neighbours)

INTERNAL

- Employees
- Financial
- institutions
- Management
- Shareholders

The list of stakeholders is not exhaustive and will be reviewed as part of the next materiality analysis process.

Aspect 3: Stakeholder dialogue

We are always in close dialogue with our stakeholders. As part of our sustainability strategy, we have supplemented this exchange with targeted sustainability issues.

A questionnaire was developed based on the 17 United Nations Sustainable Development Goals (SDGs). In this report, selected stakeholders were asked for an assessment of the influences and effects that had or will have an external impact on KEUCO in the reporting year or in the future. Stakeholders were able to continue to share their views on the impact of

our business activities on the outside world, the environment and society.

The stakeholders interviewed were representatives from trade, associations, our suppliers, financial institutions, as well as the employees of our company.

The questionnaire was analysed according to stakeholder groups and important findings were derived from it. In some cases, our perspective on our influence has been significantly broadened.

The results of the stakeholder questionnaire were incorporated into the KEUCO materiality matrix as one of two dimensions and mirrored in the assessment of the sustainability team and the management. They thus played a major role in the subsequent detailing of our sustainability approaches.

We plan to repeat this type of stakeholder dialogue at regular intervals during our materiality analysis.

102-44 Key Topics and Concerns (GRI)

Important issues and concerns expressed in the stakeholder engagement process are:

General

- For all our stakeholder groups, sustainability includes environmental and social aspects
- All stakeholder groups consider sustainability necessary at management and operational levels
- Banks and customers are sustainability drivers, with the most clearly formulated requirements
- A cautious approval of sustainability is also evident among our suppliers
- Our employees expect efforts towards sustainability, especially with regard to social criteria

Financial institutions

- For banks in particular, important business decisions must be aligned with sustainability criteria
- Sustainability reporting is expected above all from banks
- Also rated important or very important were regionality, product development with a sustainable focus, cooperations for the development of sustainable solutions, minimisation of environmental risks in all categories, such as water and chemical use and emissions, as well as efforts in almost all of the GSC's social categories

Customers

- Assessments show a high level of expectation with regard to sustainability in almost all areas
- Minimisation of general environmental risks is rated as very important, even ahead of climate neutrality
- Customers see partnerships and long-term supply relationships as important for greater sustainability
- Strong agreement on all social GSC criteria addressed, with the exception of co-determination and contribution to the common good

Suppliers

- Suppliers themselves, see measures to minimise environmental risks in the supply chain as an important issue
- Suppliers see climate neutrality as an important topic in the supply chain and at KEUCO locations
- Social criteria are as important as environmental issues - less important seem to be contributions to the common good and reconciliation of family and work

Employees

- Employees expect sustainability efforts, especially in the following social issues: Employability, occupational safety, compliance, adequate pay, human rights
- Environmental risks in general are rated even higher than climate neutrality - regionality in production and supply chain is seen as an important contribution here
- Employees see environmental sustainability as an important issue in product development
- Sustainability reporting is also important to employees

Expectations and concerns expressed during the stakeholder dialogue were incorporated into the definition of the main fields of action as well as into the further prioritisation of the associated measures for implementation.

For the next report, more stakeholders will be consulted and then GRI 102-44 can be answered and presented comprehensively.

3.4. Depth of Value Creation

Aspect 1: Depth of Value Creation

The main value creation takes place at our development and production sites in Hemer and Gütersloh, as shown schematically below:

Development >> Supply chain >> Production >> Logistics >> Use >> Disposal/recycling

The key sustainability aspects for each stage of the value chain were identified and addressed within the framework of the key action areas of our sustainability strategy.

Aspect 2: Relevant sustainability aspects per value chain stage

Development >> Supply chain >> Production >> Logistics >> Use >> Disposal/recycling

Affects in particular: Use of resources, especially water, use of chemicals, recyclability, durability



Development >> **Supply chain** >> Manufacturing >> Logistics >> Use >> Disposal/recycling

Affects in particular: local social and environmental aspects, logistics emissions



Development >> Supply chain >> **Manufacturing** >> Logistics >> Use >> Disposal/recycling

Affects in particular: Emissions, use of resources, energy consumption, especially water, thermal and electrical energy, use of chemicals, waste generation, social aspects of employees, neighbours and society, economic strength of the region



Development >> Supply chain >> Manufacturing >> **Logistics** >> Use >> Disposal/recycling

Affected: Emissions



Development >> Supply chain >> Manufacturing >> Logistics >> **Use** >> Disposal/recycling

Affects in particular: Water and energy consumption



Development >> Supply chain >> Production >> Logistics >> Use >> **Disposal/recycling**
 Affects in particular: Emissions, resource consumption



So far, sustainability criteria have been the main focus in connection with our production, supply logistics and product development. We are now planning to expand this focus step by step to the entire value chain and to strengthen it in all areas. A systematic review of sustainability criteria is carried out in this context, especially in the area of supply chains.

Aspect 3: Social and environmental challenges

Taking into account our sustainability criteria, the procurement of energy, materials and components are to be given special consideration.

In the area of energy procurement, we will increase the share of ecologically produced energy. The focus here is on the procurement of district heating and green electricity. A changeover and thus the reduction of CO2 is to take place as early as 2023.

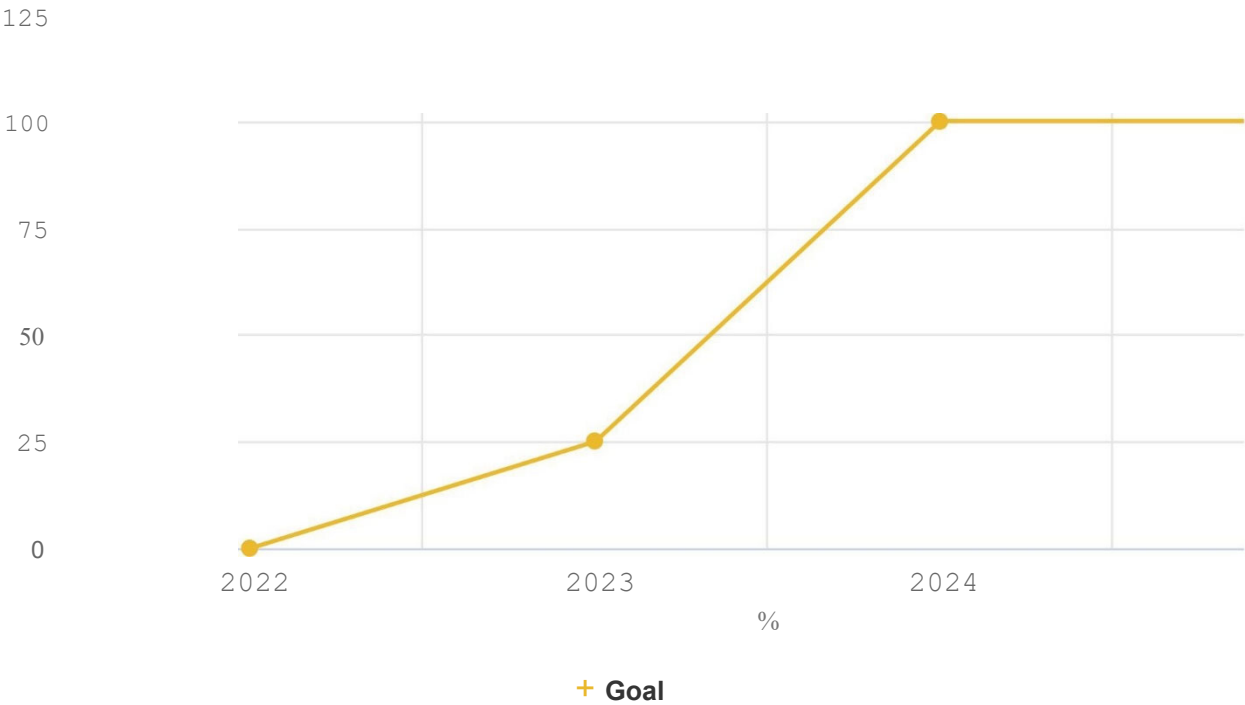
When purchasing materials and components for the production of our high-quality products, we will pay particular attention to compliance with ethical standards, responsible working practices and occupational safety and environmental protection when assessing our suppliers.

In the future, supplier selection and assessment will be carried out according to a more comprehensive scheme that takes into account sustainable aspects of the Supply Chain Due Diligence Act as well as ecological sustainability criteria. Along the way, our goal is to capture and effectively improve the environmental and social sustainability performance of each stage of our supply chain

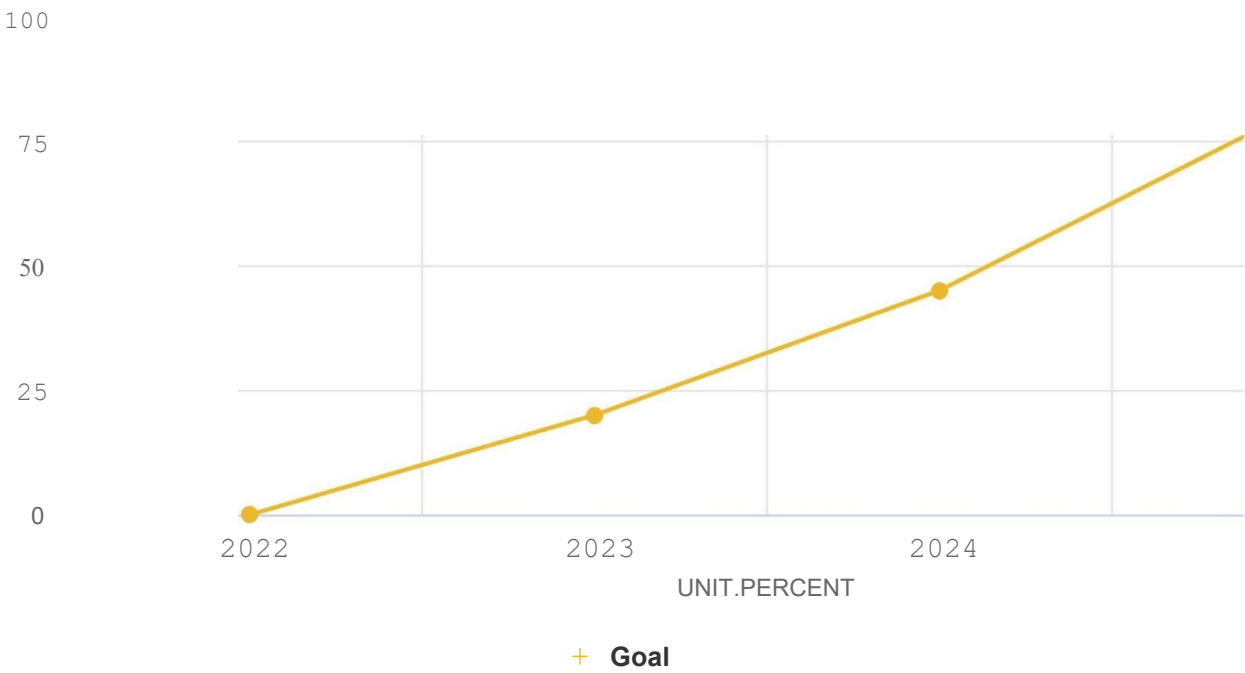
Aspect 4: Suppliers and business partners

So far, there has been no concrete exchange between KEUCO and its business partners with regard to social and ecological criteria. We have now taken the first step in the right direction and approached suppliers for production material. As an introduction to this exchange, we asked our suppliers for initial feedback on how the topic of sustainability is handled in their company. Based on this, further relevant issues are to be developed in order to move towards a sustainable future at KEUCO together with the approx. 270 suppliers.

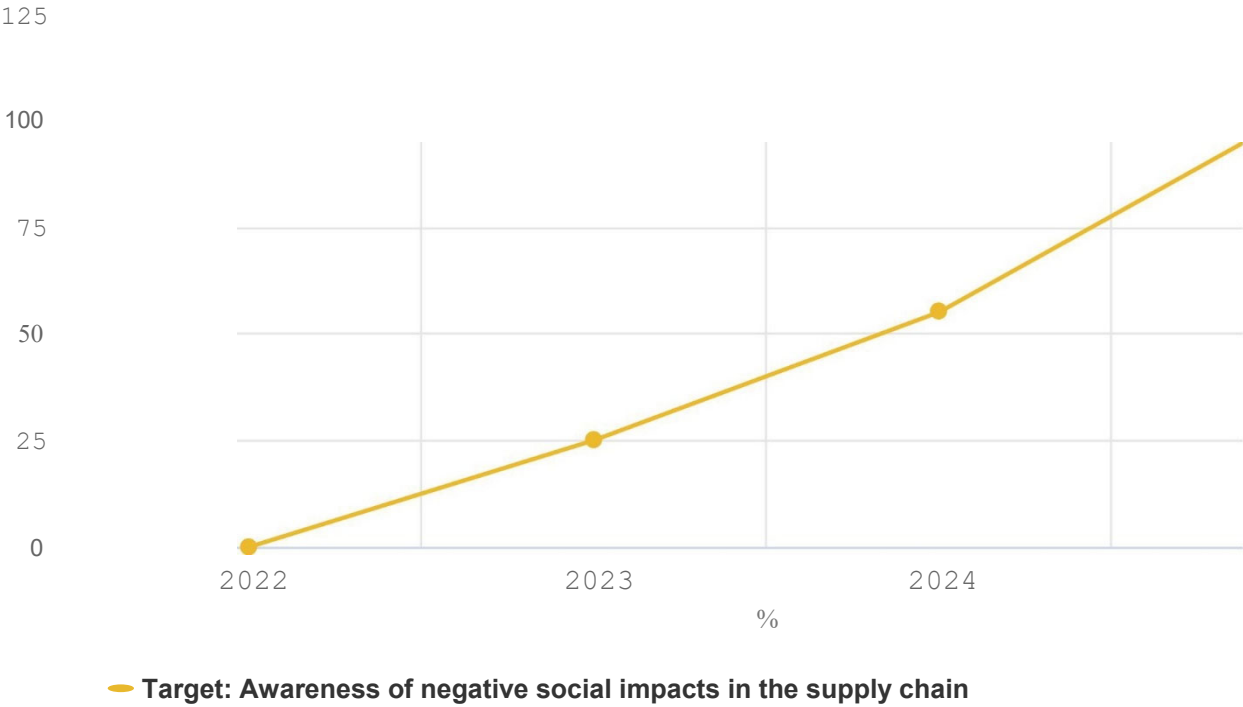
414-1 New suppliers screened against social criteria (GRI)



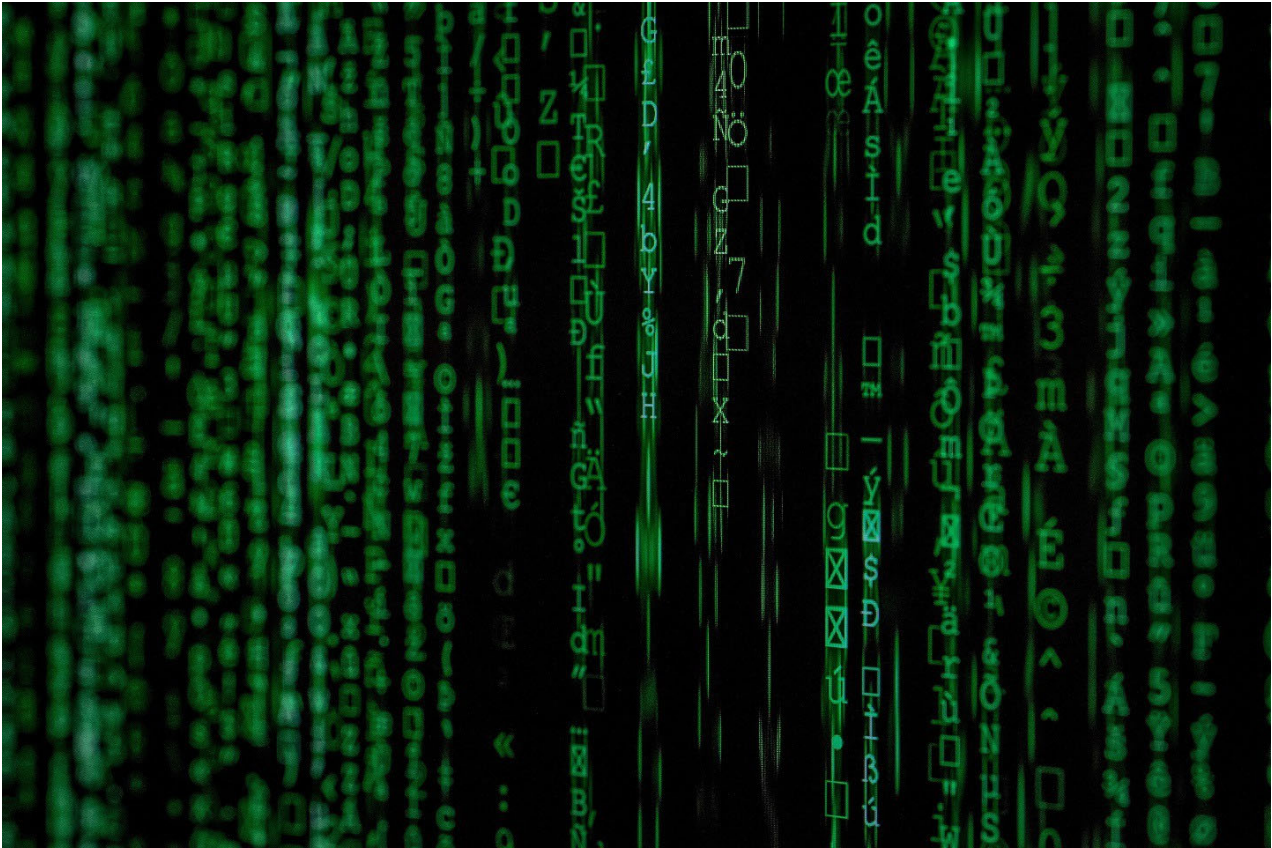
412-1 Operations at which a human rights compliance audit or human rights impact assessment has been conducted (GRI)



414-2 Negative social impacts in the supply chain and measures taken (GRI)



4. Process management



4.1. Responsibility

Responsibility

Sustainability is a matter for the boss. For this reason, the management at KEUCO, Mr. Lubert Winnecken, bears responsibility for the topic of sustainability. From now on, sustainability as an integrated part of the corporate strategy will be taken into account by the management in the regular strategy phases. For the further development of the strategic sustainability aspects, the management is in close exchange with the sustainability team and, in the future, also with the newly created position of sustainability manager.

The sustainability manager is responsible for the operational implementation of the sustainability strategy.

This ensures that the issue of sustainability is effectively anchored at all levels of the company.

4.2. Rules and Processes

Aspect 1: Rules and Processes

Based on our sustainability strategy and building on the intentions stated in this report, we plan to ensure continuous implementation as follows:

Establishment of a central ESG management

Establishment of a central ESG management with preparation of a continuous progress report, which is presented to the Executive Board at regular intervals (for the first time in mid-2023). Within this framework, the measures are checked for their effectiveness, and activities are coordinated and controlled in a targeted manner. The presentation of the status quo shall be made in person by the responsible person(s) on a case-by-case basis and shall be documented as specified.

Rules and processes to be adapted in the operational business

For a successful anchoring of our sustainability strategy, an adjustment of various business processes is necessary.

This initially concerns in particular the establishment and consideration of sustainability criteria in:

- our development and innovation process (see field of action sustainable innovations) our
- supplier sourcing process
(see field of action Sustainable Supply Chains)
- our purchasing processes with regard to environmentally relevant facilities/consumers, energy, etc.
(see field of action Sustainable Production)
- the establishment of the continuous tracking of non-financial sustainability indicators within the framework of the above-mentioned central ESG management

4.3. Control & Performance Indicators

Aspect 1: Performance indicators for the management and control of sustainability goals:

Field of action	Objective	Performance indicator	GRI
Sustainable innovations	Longevity	Number of complaints	
	Integration of sustainability criteria into the development process	Updated process	
	Use of REACH-compliant materials	Compliance with SVHC list for new products as of 2023	
	Development of recyclable products	Updated process	
	Water management energy-saving fittings	Flow rate Energy demand	
Sustainable Production	Reduction of energy use	Electricity District heating Water each as specific key figures	GRI SRS-302-1: Energy consumption within the organisation GRI SRS-302-4: Reduction of energy consumption GRI SRS-303-3:
	Reduction of waste generation and increase of the recycling share	Hazardous and non-hazardous waste Recycling rate	GRI SRS-306-2: Waste by type and disposal method
	Further reduce occupational accidents and diseases Measures to maintain and improve the health of the	Number of near misses Number of occupational health examinations Number	work-related injuries (accident reports are available) GRI SRS-403-4: Employee participation,

	Staff	Workplace inspections/defined measures	Consultation and communication on occupational safety
	Simplify/streamline processes through digitalisation	Number of digital instructions	
	Countering the shortage of skilled workers with education and training	Number of training hours/ p.a. and employee	GRI SRS-404-1: Average number of hours for education and training per year and employee
Sustainable Supply Chains	Assess existing and future suppliers taking into account environmental and social sustainability aspects	% of suppliers with recorded sustainability status	
	Assess new suppliers on the basis of social criteria	% of assessed suppliers	GRI SRS-414-1: New suppliers assessed against social criteria
	Screen critical suppliers with regard to human rights compliance or conduct a human rights impact assessment	% of verified critical suppliers	GRI SRS-412-1: Sites where a human rights audit or human rights impact assessment has been conducted
	Knowledge about negative impacts in the supply chain and measures taken	Number of known and/or addressed impacts	GRI SRS-414-2: Negative social impacts in the supply chain and measures taken
	New products "Made in Germany"	% New products "Made in Germany"	

	Optimisation of the packaging concept	Reduction shipping packaging	
	Optimisation logistics	Reduction in number of shipments & shuttle transports	
Climate Protection	Reduction of CO2 emissions Scope 1 and 2 -40% to 2032	Specific key figures on energy consumption (see above) Reduction of fleet consumption	
	Climate neutrality Scope min. in Scope 1 and 2 by 2045	Emissions Scope 1 and 2 absolute and specific	GRI SRS-305-1: Indicative GHG emissions (Scope 1) GRI SRS-305-2: Ind. Energy supply GHG emissions (Scope 2)
	Reduction of Scope 3 emissions starting in 2024	Emission reductions from Scope 3 projects	GRI SRS-305-5: Reduction of GHG emissions
	Own generation from photovoltaics by 2025 increase to 5%	% Share of renewable own generation of total energy demand	

Aspect 2: Reliability, comparability and consistency of data

The regular reporting of the company's key figures is supplemented by the above-mentioned goals and key figures and thus becomes part of the company's management. This takes into account the importance of sustainability indicators for the success of the company.

If the basis of calculation or the reference values change significantly, the basis will be adjusted. Documentation of these changes must be provided.

4.4. Incentive Systems

Aspect 1: Incentive Systems

KEUCO does not currently have a monetary or non-monetary incentive system in which the company's sustainability goals are anchored. Even in 2023, KEUCO will not yet establish an incentive system for sustainability, as the goal is to first learn with and on the topic. A possible incentive model is then planned for 2024ff.

Aspect 2: Bodies to control the agreed targets

Even without individually agreed sustainability goals, the achievement of the sustainability goals presented here is tracked within the framework of a regular progress report. This progress will be reported to the Executive Board from June 2023. The report will be made personally by the responsible person(s) on a case-by-case basis.

Aspect 3: Sustainability goals of the top management level

As of today, sustainability goals are not part of the evaluation of top management.

102-35 Remuneration policy

The remuneration of our Executive Board incl. the 2nd managerial level shall be determined by the managing director or, in the case of the executive board, the shareholders' meeting. It is based on the pay for comparable positions at other companies in our industry and includes a fixed and a performance-related component. The fixed basic remuneration relates to the entire year, is based on the respective executive's area of responsibility and is paid in twelve monthly instalments. The remuneration is intended to have a high long-term incentive effect for the executives of the 1st and 2nd level and at the same time reliably protect against disproportionality.

The management and executives of the 2nd level also receive non-performance-related fringe benefits. These essentially consist of a company car with the option of private use.

The annual variable remuneration includes short-term components such as the annual result as well as long-term incentive effects, such as the achievement of business or strategic goals. In addition, sustainability targets will be set in the coming years, the achievement of which will be rewarded in monetary terms. A corresponding concept is currently being developed.

Because all of our employees contribute to the company's success, performance-based remuneration with a productivity system and comprehensive social benefits have always been part of our corporate identity.

102-38 Ratio of total annual remuneration

Competitive salaries and fringe benefits increase our attractiveness as an employer, they motivate our employees and bind them to the company. The remuneration in

our company is based on market analyses in the relevant environment, the value of the position and the competence and performance of an employee. The aim here is to offer comparable remuneration structures to all KEUCO employees as far as possible. The minimum standards are also complied with for working students, interns and holiday helpers. We do not consider the disclosures required by GRI 102-38 and GRI 102-39 to be material for assessing the fairness of our remuneration structures.

The same principles for remuneration and fringe benefits apply to all employees, regardless of gender, denomination, origin, age, disability, sexual orientation or country-specific characteristics. They are linked to the uniform requirement that the total remuneration package is comparable to other companies in the metal sector in order to remain competitive in the labour market.

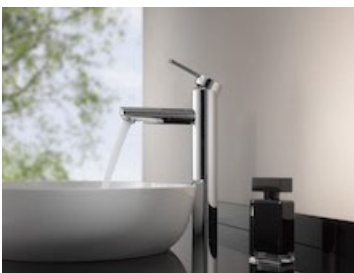
The ratio of the annual remuneration of the highest paid employee to the median level of all employees is also in line with the market. The percentage increase in annual remuneration is determined taking into account various factors, such as the rate of inflation, and in principle follows the market trend as well as the collective bargaining agreements of IG Metall.

4.5. Innovation and Product Management

Vision

Sustainability is firmly anchored in the corporate culture and also shapes the development and manufacture of the high-quality products. These are always designed according to the principles of formal reduction and optimal use of materials. The result is the synergy of design-strong optics and resource-saving material efficiency.

And sustainability continues in the customer's bathroom: PLAN blue fittings, for example, not only shine with their flawless surfaces and uncompromising functionality, but also with their consistently implemented sustainability concept. Because PLAN blue helps to save water and energy by limiting the flow rate to six litres per minute. The PLAN blue single-lever basin mixer has been certified according to the WELL classification system. WELL stands for Water Efficiency Labelling and is awarded by the European valve manufacturers' association EUnited (aisbl).



In the development of new products, identical parts are used wherever possible under the design and technical specifications. This makes it possible to plan more reliably and save material.

For KEUCO, sustainability also means developing products that are equally usable by people of all ages. In the PLAN CARE range, modern design meets functional everyday heroes.

Our aim is to develop such products that, when used daily, will still fulfil their function and give pleasure after many years.

We want to develop high-quality products in which form and function are in harmony and which have a long service life. At the same time, we take seriously the task of developing products in such a way that they can also be produced and returned to the cycle from a sustainability perspective.

The primary aim here is to keep energy consumption as low as possible and to use valuable raw materials sparingly. In addition, we want to develop products that future generations will enjoy, that offer added value, reflect trends and are therefore fit for the future.

This is not only about design, but also about the resource-saving use of energy and water in the application. Against the backdrop of demographic change, we are also developing products that can be used by older people and enable them to remain independent at home in their everyday lives for as long as possible. At the same time, staying in a hospital or nursing home should meet our high standards of aesthetics. A current example of this is our new AXESS series, which was developed with the design studio Studio F. A. Porsche. The reduced, to the essentials

focused, design of the series combines aesthetics and barrier-free functionality in a stylish and innovative way.



Aspect 1: Impact of products in creation, use and recycling on social and ecological aspects of sustainability

We discuss the impact on social and environmental aspects of sustainability in detail under the item "Value creation".

The following topics are touched upon in the overview:

- Use of resources, recyclability, durability Emissions
- Energy use, especially water, thermal and electrical energy Chemical use
- Waste generation
- Social aspects of employees, neighbours and society Economic Strength
- of the region
- Social and environmental aspects in the supply Chain
- social aspects for customers of our CARE series

These topics were developed with the help of our stakeholder and materiality analysis as well as with the interdisciplinary expertise of our sustainability team during the preparation of this report.

Aspect 2: Promoting sustainability performance through our innovation process

KEUCO products are high-quality and durable with a long repurchase guarantee and have a high standard of design and functionality.

We produce water-saving fittings and use energy-saving LEDs for mirror cabinets and illuminated mirrors. Our focus today is primarily on the aspects of "function and design".

With our field of action "Sustainable Innovation", we complement this view with further perspectives on sustainability. We are establishing sustainability as a central factor in our innovation management.

To this end, we are adapting our development process and integrating sustainability criteria with a focus on:

- Water management with water- and energy-saving fittings
- Use of REACH-compliant materials
- Development of recyclable products

Aspect 3: Impact of our innovation process on sustainability along the value chain and product life cycle, involvement of business partners and other stakeholders

The innovation process is a central driver of a company's sustainability performance, and KEUCO is no exception. It influences the required use of raw materials, energy, chemicals and recyclability, as well as the associated environmental impacts.

Innovations have an impact on procurement, production, application and disposal.

Procurement and manufacturing in particular influence social aspects of sustainability.

It is therefore important to take these influences into account at the earliest possible stage within the framework of sustainable innovation management.

Particularly where technological solutions are not (yet) available, partnerships must be entered into with associations, suppliers or customers to work together on finding solutions.

5. Environment



Our two main fields of action, "sustainable production" and "climate protection", form the basis for all measures and goals in the area of the environment.

In the area of "sustainable production", we pay particular attention to resource efficiency in addition to social aspects. What this looks like in concrete terms is explained in the following two sections "Natural resource use" and "Resource management".

Resource efficiency and climate protection are closely linked and so resource efficiency measures can also be found in the area of emissions with the aim of causing fewer emissions through reduced energy use. In addition, our main field of action, "climate protection", focuses on the use and generation of renewable energies (see section "Emissions").

5.1. Use of Natural Resources



In the future, we want our production to be characterised by social and ecological sustainability. This should be reflected, among other things, in the consumption of resources, especially energy and water. But the amount of environmentally harmful materials should also be reduced. Employee protection is to be further increased. In the long term, we want to develop and implement occupational safety and health management concepts beyond the standards. This also includes the continuous training and further education of our staff.

Aspect 1: Qualitative resource consumption

Resources "Natural resources

We need natural resources to manufacture our sanitary fittings and accessories. In addition to energy, such as electricity, fossil fuels and water are used in production. In addition, we use raw materials ranging from metals and plastics to glass and ceramics in our products. We use cardboard, paper and wood as packaging and for transporting our products.

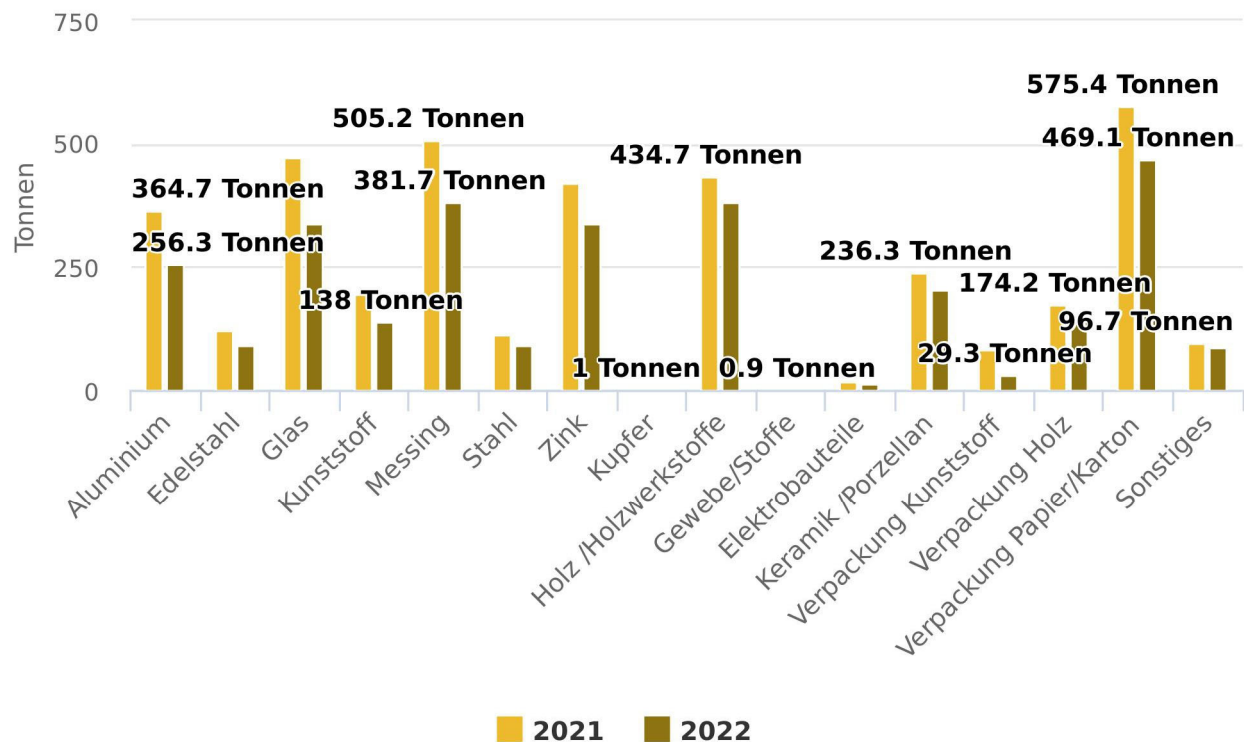
Aspect 2: Quantitative resource consumption Resources

"Material input

The diagram below shows the production materials used. The data collected includes, among others, assemblies and trade goods. These were also assigned to the materials. The criterion for allocation is the largest raw material share by weight within the assembly or merchandise.

The significant decrease in raw materials used from 2021 to 2022 can be explained by the significant decrease in sales of approx. 8% with a simultaneous price increase of 10%. Another reason for the reduction can be found in the inventory reduction of component storage. Here, the stock was reduced by about € 6,000,000.

301-1 Eingesetzte Materialien nach Gewicht oder Volumen (GRI)



Resource "Energy

The energy consumption of our organisation is as follows. At the time of report preparation, the data for 2022 was not yet available and will be provided with the preparation of the next report.

Resource use Energy (GJ)

	2021	2022
Gas	14,041.21	
Electricity	13,162.39	11,466.70
District heating	1,920.74	1,469.70
Fuel	4,745.80	5,182.32

Resource "Water"

As part of our processes, we also use water as a resource as follows:

Resource use water (m³)

	2021	2022
Groundwater (well water)	13,240	12,021
Drinking water (public utility)	2,707	2,577
Total withdrawal	15,947	14,598

5.2. Resource Management

Aspect 1: Goals

KEUCO has set itself the goal of using natural resources more efficiently. Renewable energies are to be increasingly used and the production materials employed are to be used as effectively as possible. Our stated goal is to reduce electricity consumption by 5% by 2026, and gas and district heating by 10% by 2026. Fuels for motor vehicle are to be reduced by 15% by 2031. Our waste should be reduced by 10% by 2026.

Aspect 2: Strategies and measures

Various strategies and measures are intended to reduce the targeted resource consumption. This also includes raising the awareness of the employees. The first 15 energy scouts are to be trained at both locations as early as this year. The scouts come from all departments and will ensure that natural resources are used carefully and energy consumption is reduced wherever possible in the respective departments.

Until now, the savings potentials from energy efficiency of electricity and water have only been estimated, as no or only few measuring points are available. Therefore, it is planned to create a holistic measurement concept for electricity consumption by the end of 2024. In future, regular consumption analyses will be carried out to derive further measures.

From mid-2023, monthly leakage checks of the compressed air installation will be carried out. From the results, necessary measures are derived to remedy the loss of compressed air in the short term and thus save energy.

As further measures to reduce the consumption of energy, the waste heat from the exhaust air of the electroplating extraction system is to be used. The same is possible with the waste water from electroplating.

Further savings potentials in production, within the buildings and the infrastructure are to be identified. Step by step, individual areas are to be holistically redesigned in order to optimally use and conserve natural resources. Consequently, it must also be a matter of course in materials management to keep resource consumption as low as possible when procuring raw materials and supplies. Sustainable aspects and alternatives will become more important.

Aspect 3: Achievements so far

Photovoltaic power has been generated at both sites for many years. We used 100% of the energy generated in this way ourselves.

A modern combined heat and power plant at the Hemer site supplies energy for production in the form of heat and electricity.

In many areas, we have started to replace the previous lighting with energy-saving

LED lighting, including in the goods distribution centre and within production.

In the electroplating shop, we switched to our own well water 25 years ago in consultation with the environmental authorities. We prepare this ourselves and use it in the electroplating process. Since then, we have significantly reduced the use of drinking water.

At the Hemer site, we replaced the exhaust air systems of the grinding shop with new systems with heat recovery in 2012. In Hemer, a concept for waste prevention was created with the waste and environment officer. Parts of the concept are already being implemented. The final implementation will take place in 2023.

To reduce heat loss, work has begun in recent years to replace the existing windows with a poor thermal insulation factor with windows with an improved K-value. More windows were last replaced in 2022.

The heating system in the goods distribution centre has been replaced with a more energy-efficient system.

GRI 302-4 Reduce energy consumption:

In recent years in particular, numerous measures have been taken to reduce energy consumption.

For example, the lighting in the goods distribution centre was converted to energy-saving LED lighting in 2021.

Numerous windows were replaced with modern windows with thermal insulation glazing. In 2021 and 2022, a total of approx. 182 sqm of window area was renewed.

Further measures will follow. With the help of targeted energy management, consumption is to be recorded and concrete measures derived from it.

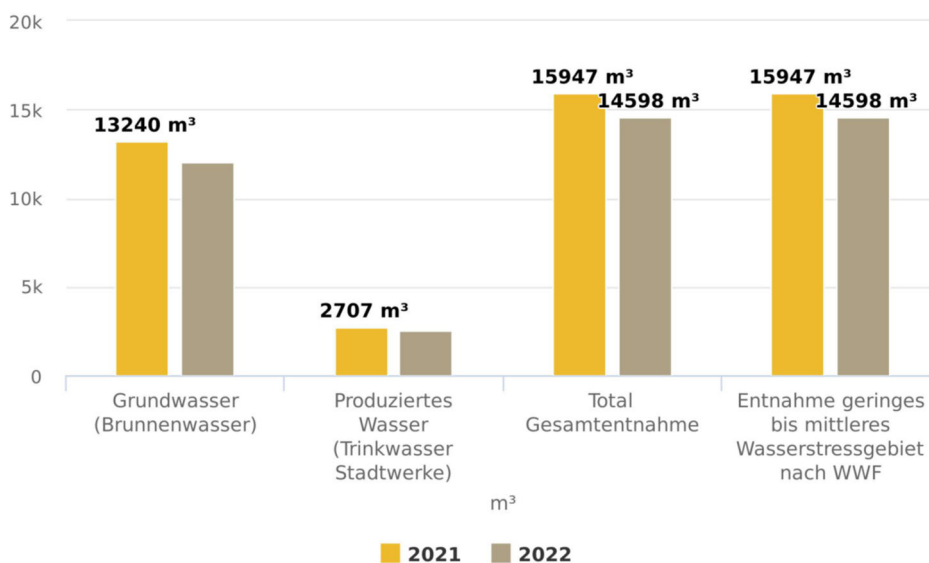
Aspect 4: Significant risks arising from our business activities

In addition to the use of raw materials, the main risks of our business activities arise in particular from the use of water and chemicals in the manufacture of our products. Equally relevant is the use of energy and associated emissions along our value chain. Water consumption through the use of our products over their lifetime is also important for our environment.

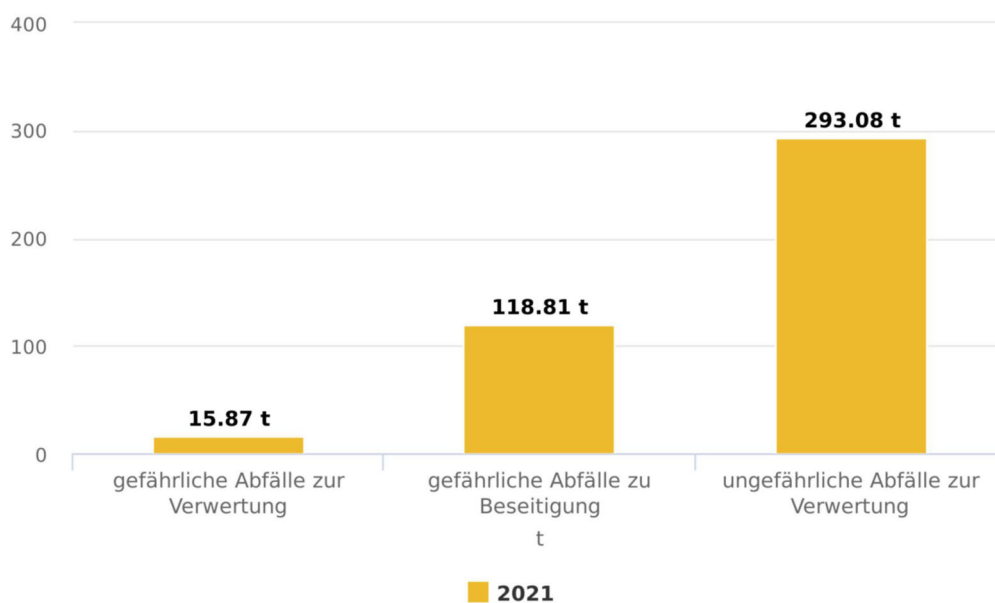
Reducing the use of water and chemicals is a future focus of our product development within the framework of our essential field of action "Sustainable Innovations", with effects on the manufacturing processes as well as the use of products. For further details, see "Innovation Management".

The reduction of greenhouse gas emissions is a central topic within the framework of our other key field of action "climate protection" and will be continuously reduced through targeted measures. Further information can be found under the topic "Emissions".

303-3 Zurückgewonnenes und wiederverwendetes Wasser (GRI)



306-2 Management erheblicher abfallbezogener Auswirkungen (GRI)



5.3. Climate-relevant emissions

Aspect 1: Our main emission sources

Scopes	Emission sources
Scope 1	Heat (gas)
	Vehicle fleet (petrol and diesel)
	Industrial gases (especially refrigerants)
Scope 2	Electricity (contractual electricity)
	Electric and hybrid vehicles
	District heating
Scope 3	Logistics
	Staff shuttle
	Raw material
	Finished/semi-finished products

Scope 1 and 2: To manufacture our products, we need energy in the form of electricity and heat at our production sites. Process-related heat is required in particular in the electroplating production step. To ensure responsible use of the resources we employ, we installed a heat-led combined heat and power plant at our Hemer site many years ago. In addition, we produce green electricity with two photovoltaic systems at our Hemer and Gütersloh sites.

At present, we do not have a climate-neutral solution either for the energy-intensive production step of electroplating or for the gas-based generation of process-related heat.

Scope 3: Emissions from upstream and downstream activities, i.e. Scope 3, we do not know today and are therefore also not in a position to make a fully comprehensive statement regarding the most important emission sources.

Aspect 2: Objectives

Our goal is that of a climate-neutral company along the entire value chain by 2045.

The path to this goal is underpinned by the interim target of reducing our Scope 1 and 2 emissions by 40% by 2032.

Aspect 3: Strategies and measures

We plan to implement our goals with the following measures:

- When purchasing or retrofitting systems and building technology, the focus should be on energy-saving and environmentally friendly systems.
- Furthermore, the focus is on the purchase of renewable electricity and district heating. The

Implementation is to take place in the short term over the next few years.

- The already existing share of self-generated renewable energies is to be further expanded.
- Energy efficiency forecasts help to save energy and to be able to produce safely and efficiently in the long term.

Aspect 4: Achievements so far

With our photovoltaic systems, we have taken the first steps towards a climate-neutral energy supply.

Aspect 5: Reference values and calculations

The recording of our carbon footprint is based on the methodology of the Greenhouse Gas Protocol. The base year of our calculations and thus also the starting point for future improvements is the year 2021. The footprint was calculated with the help of the ecocockpit of the state of NRW. The emission factors used are taken from ecocockpit and include in particular the current emission factors of the Energy Efficiency Competition (EEW) as well as a safety margin of 5%.

The footprint includes Scope 1 and 2 emissions from the Hemer and Gütersloh sites, with a total turnover of 12,446,046 units and a total number of employees of 492.

305-1 Direct GHG emissions & 305-2 Indirect GHG emissions

		Total 2021
Scopes	Emission sources	CO ₂ t emissions
Scope 1	Heat and electricity from own generation	783.97
	Vehicle fleet (petrol and diesel)	419.35
	Industrial gases (especially refrigerants)	41.99
	Total (incl. security surcharge)	1,245.3
	Total incl. security surcharge	1307.6
Scope 2	Electricity (contractual electricity mix)	2,219.3
	Electric and hybrid vehicles	1.8
	District heating	149.4
	Total	2370.5
	Total (incl. security surcharge)	2489.1

At the time of reporting, the data for 2022 was not completely available and

will be presented with the preparation of the next report.

305-3 Other indirect GHG emissions (Scope 3) (GRI)

At present, we do not yet have the other indirect GHG emissions (Scope 3). We have set ourselves the target of identifying our key Scope 3 emissions by the end of 2023 and will communicate this as part of our next reporting.

305-5 Reduction of GHG emissions (GRI)

With the preparation of this report, our carbon footprint was recorded for the first time. To date, no emission-reducing measures have been recorded or reported. With the next reporting cycle, this will also be available.

6. Society



6.1. Our employees



Our employees are our heart

In the following, we describe the measures and offers that we have developed for the employees at KEUCO in order to offer everyone the opportunity to develop individually, to seize career opportunities, to pursue their daily work with pleasure and at the same time to achieve top performance.

Retain and inspire employees

A variety of factors determine whether an employer is perceived as attractive in the eyes of its employees. In addition to factors such as the image and philosophy of the employer, the accessibility of the workplace and collegiality play a very decisive role. Transparency in fundamental matters is also an important prerequisite for ensuring that the employer's dealings with employees can be experienced as equally fair.

KEUCO offers many opportunities to make the working atmosphere and human interaction as pleasant as possible for our employees. These include, above all, flexibility, modern workplace equipment, equal treatment and joint activities such as Christmas parties or company celebrations.

Our goal

We work continuously to create humane, healthy and safe working conditions to maintain the performance and mental and physical well-being of our employees. Our employees are continuously promoted and challenged. We not only adhere to the legal requirements and obligations, but additionally create guidelines that go beyond the legal requirements.

6.2. Workers' rights

Germany already has very high standards of worker protection, which we always take into account.

Our objective:

We work continuously to create humane, healthy and safe working conditions to maintain the performance and mental and physical well-being of our employees. Our employees are continuously promoted and challenged. Due to our production sites in Germany, compliance with workers' rights is not only required by law, but is a matter of course. In this way, we not only comply with the legal requirements and obligations, but also create additional guidelines that go beyond the legal requirements.

In the following, we describe the measures and offers that we have developed for the employees at KEUCO in order to offer everyone the opportunity to develop individually, to seize career opportunities and to pursue their daily work with pleasure.

Working hours

There are numerous approaches for retaining and satisfying employees, but also for increasing employer attractiveness in terms of attracting qualified skilled workers. An essential aspect is the organisation of working hours.

Various company agreements have been concluded in recent years. Some examples are:

- Working Time flexibilisation
- Working hours
- Flexitime
- Working time accounts
- Flex-Office

In our company agreements at KEUCO, we take into account both the needs of our employees and the organisation of work in order to create a win-win situation for employees and the company. For example, we offer **flexible working time** models to give employees the time they need for important private appointments.

In our company agreement on flex office, we allow productive **work from home** via remote access, provided the job profile allows this. So-called shared desks could also play a greater role at KEUCO in the future. The permanent further development of these models is very important in order to remain competitive and attractive in the course of the digital transformation.

Working time is recorded on site via our electronic time recording system Tisoware

- or from mobile working through a digital workflow module. Senior managers, executives and employees with individual agreements are exempt from time recording and continue to have trust-based working hours.

KEUCO is continuously developing. It is important for us to let the employees participate. Discussions with superiors, team meetings, but also the

company suggestion schemes, employee surveys and the work of the works council play central roles in this. Currently, a **campaign of ideas on the topic of sustainability** (including energy saving) is very topical. As part of this campaign, idea boards have been installed at all locations to actively encourage employees to address the issue of sustainability in their workplace and to post new ideas on the idea board. The best idea providers will receive an attractive bonus at the end of the campaign period. In the past, too, there were various employee suggestions on the topic of sustainability. In recent years, for example, there have been proposals on the topics: Plastic reduction, reduction of packaging, waste recycling or circular thinking (provide empty boxes for suppliers).

Occupational medicine and occupational safety

In the future, we want to not only fulfil the minimum legal requirements, but also develop a contemporary occupational safety concept with targeted measures in order to strengthen the competitiveness of the company and take into account the changing working conditions (work/information compression/increasing deadline pressure/increasing complexity of tasks/digitalisation). With strategies and concepts, KEUCO should be prepared for the future in order to increase the performance of employees and at the same time further reduce the number of occupational accidents and illnesses.

The following is therefore important for up-to-date occupational health and safety: Constant evaluation of existing regulations in terms of practicability, reduction of bureaucracy, effectiveness and simplification through greater digitalisation.

The well-being of all employees is particularly close to our hearts. Because a large proportion of employees perform physically demanding tasks, we are particularly committed to their health and occupational safety.

Both the protection and improvement of the safety and health of all employees and the avoidance and minimisation of hazards and risks are our top priorities. However, data on work-related illnesses cannot be reliably consolidated because of legal prohibitions: Legally, it is not possible (German Law on Temporary Employment of Workers) to access the occupational diseases of outside companies. Also due to the sensitivity of the data, it is currently not possible to draw direct conclusions about the cause of diseases.

To collect data from our employees, we use our internal systems such as accident reports and company reintegration interviews. Beyond that, no diagnoses are recorded. Only through the reports of the three largest health insurance companies do we receive, in anonymised form, the main diagnoses of all illnesses for a fraction of our workforce. However, the causes can be just as much in the private sphere. For data protection reasons, it is not possible to say here whether the illnesses are work-related, hereditary or private. The overview of the back-reported diagnoses of the three largest health insurance funds is shown in the table for the year 2021 403-10 (a+b) Work-related illnesses (GRI).

Work-related injuries

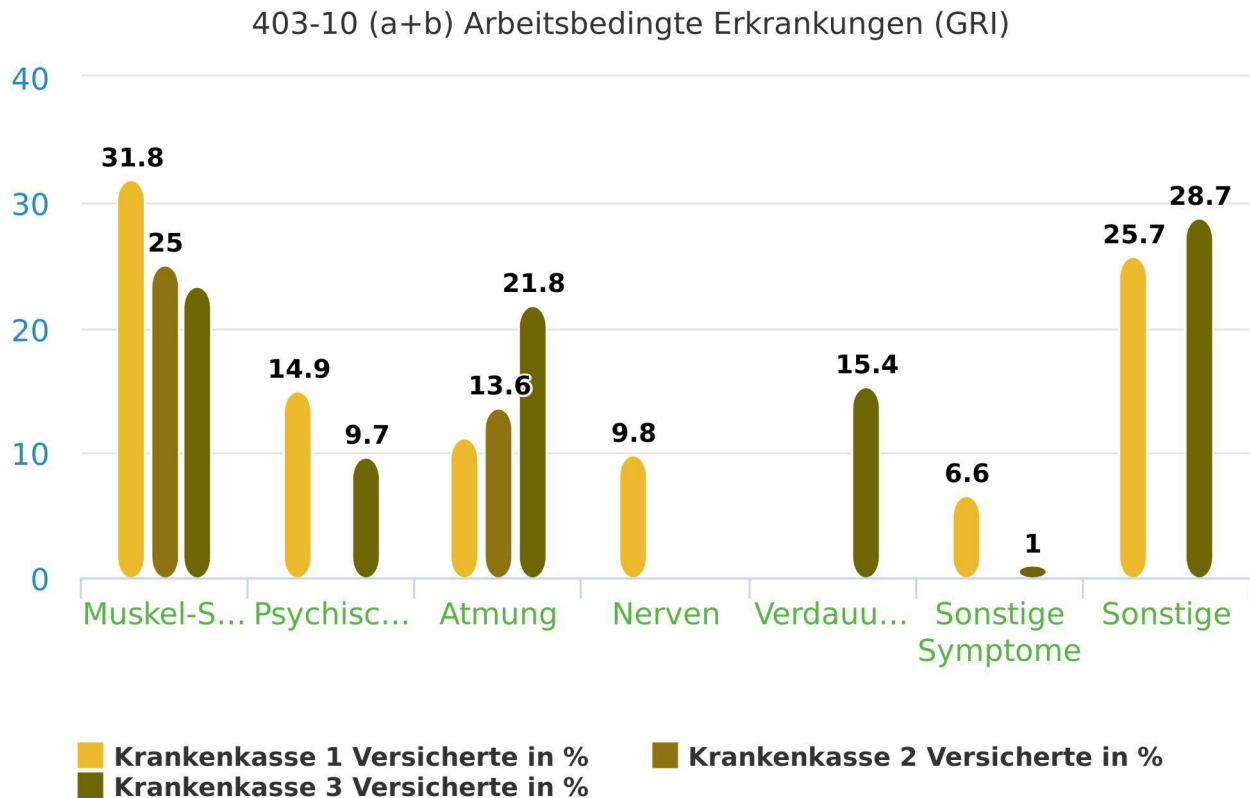
At KEUCO, we strive to avoid all accidents and are therefore committed to the "Zero Accident" philosophy. Regular inspections of workplaces, systematic analyses of accidents, evaluations of reports received from authorities (such as the district government or the employers' liability insurance association) and quarterly meetings of the occupational safety committee take place, taking into account both overarching regulations and those of the employers' liability insurance association. It is also crucial to sensitise employees to occupational safety and health-promoting working conditions and processes.

As part of a continuous development process, priority topics are regularly reviewed and intensified. All injuries and accidents were investigated as part of the internal accident investigation with our occupational safety specialists and appropriate improvement measures were taken so that similar incidents can be avoided in the future. The focus is on the further development of technical-infrastructural risk assessments. The aim is to improve the recording of near misses and hazard hotspots, their evaluation and the resulting definition of appropriate preventive measures. One project, for example, is to gradually digitalise the continuous safety instructions. In this way, we want to instruct our employees in the best possible way by using other media such as video clips and pictures to illustrate the content of the instructions.

The regular performance of the risk assessment is the responsibility of the managers, who are supported in this by the respective occupational safety specialists.

The types of injuries can be found in the accident statistics 403-9 (a+b) Work-related injuries (GRI).

403-9 (a+b) Work-related injuries (GRI)						
Category	Minor injuries	Serious injuries	Days lost	Deaths	Number of hours worked	Accident rate per 200,000 h
Hemer Employees	1	0	2	0	255,777.50	0.78
Hemer Commercial	9	1	113	0	292,740.25	6.83
Gütersloh Employees	0	0	0	0	26,968.25	0
Gütersloh Commercial	1	0	46	0	96,522.25	2.07



Occupational health care is primarily provided by our occupational physician. Preventive occupational health care is offered to employees and can be taken directly at our premises during working hours or, if required, at the practice of the occupational physician. Vaccinations round off the range of services offered by occupational medicine in addition to examinations and consultations. During workplace inspections, the occupational physician also supports us with valuable tips and optimisation measures. For this, we are in dialogue with employees, see chart 403-4 "Employee participation", Consultation and communication on occupational safety and health (GRI).

An important core element of occupational safety and health is the occupational safety committee meetings (ASA meetings). The regular meetings (four per year in Hemer and two per year in Gütersloh) are attended by our managing director, the head of production, the human resources manager, a human resources employee, the safety officers and a works council member. Our occupational safety specialist provides technical support and moderation. In addition, we are supported by the company doctor and two engineering offices for safety technology and occupational safety. Together, past occupational accidents are analysed and measures to improve occupational safety and health are discussed. In addition, notices are regularly issued on key topics that we communicate internally. For this purpose, we use our noticeboards in the company as well as the digital possibilities of our KEUCO intranet or circular emails on important current topics (e.g. Coronavirus Protection Ordinance). Our employees receive safety training at least once a year. Here, current topics or past accidents can always be discussed in more detail.

Furthermore, near-accidents and other topics are discussed, such as: Noise protection, new extraction system for the grinding shop, first aiders and fire protection assistants, stress and strain analysis, risk assessments, suggestions from employees and the works council as well as ergonomic and technical improvements to the workplaces.

Safety in the workplace

Our aim is to guarantee the safest possible conditions in the workplace. This is ensured by our external occupational safety specialists and our eight internal safety officers, who ensure compliance with all applicable regulations for production and office workplaces.

By means of risk assessments, the hazards in the work processes are recorded, documented and, if necessary, measures are derived (T-O-P = Technical, Organisational, Personal).

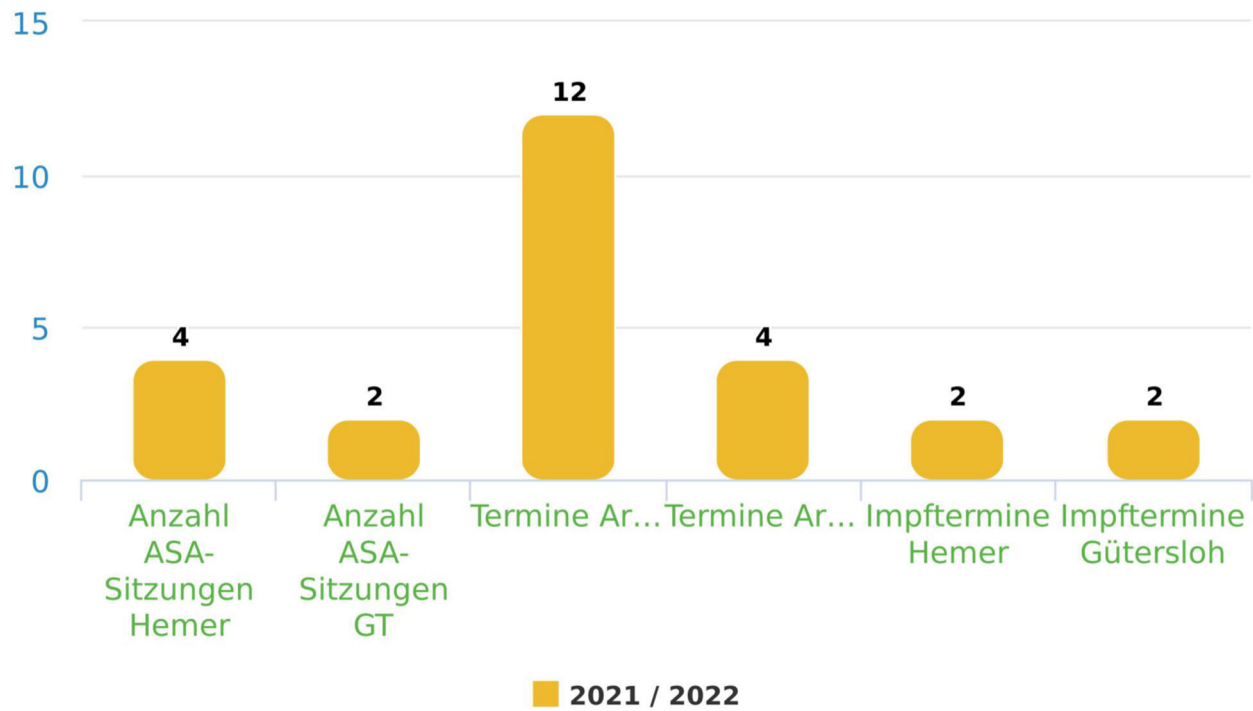
Special attention is paid to the wearing of personal protective equipment (PPE) in the production areas. A few years ago we concluded a company agreement on the subject of earmoulds. At the request of employees, we provide, among other things, custom-made earmoulds to offer the greatest possible comfort and safety in the field of hearing protection.

An external fire protection officer inspects the premises at regular intervals with regard to the implementation of fire protection regulations. He trains our internal fire protection assistants (currently 23 people) and imparts technical, legal and practical knowledge. A total of 54 company first aiders are employed in all areas of our company so that a quick and qualified response can be made in the event of an emergency. The handling of hazardous substances is carefully trained, documented and monitored across all divisions in order to prevent occupational accidents involving substances that are hazardous to health. All employees receive a safety briefing when they start work and once a year.

Risks of our business activity

Risks that may arise in the course of our business activities consist primarily of health risks for employees in our manufacturing operations from handling chemicals, from polluted air and from risks of injury during machine operation. Further health risks can arise from handling heavy objects in manufacturing and/or logistics. We counter all these risks with occupational safety measures as described above.

403-4 Mitarbeiterbeteiligung, Konsultation und Kommunikation zu
Arbeitssicherheit und Gesundheitsschutz (GRI)



6.3. Equal opportunities

Objective:

Diversity management: No discrimination on the grounds of racial or ethnic origin, gender, religion or belief, disability, age, sexual identity or personal status. No discrimination due to children or other family obligations such as caring for family members. We recognise diversity, promote it and want to develop a strategy to derive the greatest possible benefit from it for the company.

Our employees all form Team KEUCO with different and diverse competences. They can learn from each other, complement each other and deal with each other professionally and profitably.

Equal opportunities and pay

When selecting our employees, we look for professional suitability and also ensure that they fit our company with their personal values and mindset. We act and make decisions independently of gender, age, religious affiliation or world view, sexual orientation, disability and social origin.

The proportion of women in management positions remained constant in the years 2019 to 2022. We are particularly proud of our female surface coater apprentice in an otherwise very male-dominated profession.

Competitive salaries and fringe benefits increase our attractiveness as an employer, they motivate our employees and bind them to the company. In our company, remuneration is based on market analyses in the relevant environment, the value of the position and an employee's competence and performance. The aim here is to offer comparable remuneration structures to all KEUCO employees as far as possible. It goes without saying that the minimum standards are also observed for working students, interns and holiday helpers. We do not consider the disclosures required by GRI 102-38 and GRI 102-39 to be material for assessing the fairness of our remuneration structures.

The same principles for remuneration and fringe benefits apply to all employees, regardless of gender, denomination, origin, age, disability, sexual orientation or country-specific characteristics. They are linked to the uniform requirement that the total remuneration package is comparable to other companies in the metal sector in order to remain competitive in the labour market 102-35 Remuneration Policy (GRI).

The ratio of the annual remuneration of the highest paid employee to the median level of all employees is also in line with the market. The percentage increase in annual remuneration is determined taking into account various factors such as the inflation rate and in principle follows the market trend as well as the collective agreements of IG Metall.

The remuneration of our Executive Board incl. the 2nd managerial level shall be determined by the managing director or, in the case of the executive board, the shareholders' meeting. It is based on the pay for comparable positions at other companies in our industry and includes a fixed and a performance-related component. The fixed basic remuneration relates to the

year as a whole, is based on the respective manager's area of responsibility and is paid in twelve monthly instalments. The remuneration is intended to have a high long-term incentive effect for the executives of the 1st and 2nd level and at the same time reliably protect against disproportionality.

The management and executives of the 2nd level also receive non-performance-related fringe benefits. These essentially consist of a company car with the option of private use. The annual variable remuneration includes short-term components such as the annual result as well as long-term incentive effects, such as the achievement of business or strategic goals. In addition, sustainability targets will be set in the coming years, the achievement of which will be rewarded in monetary terms. A corresponding concept is currently being developed.

Because all our employees make a decisive contribution to the company's success, performance-related pay with a productivity system and comprehensive social benefits have always been part of our corporate identity. All employees should be able to strive for and maintain a certain standard of living with their earnings.

Reconciliation of work and family life

Part of our self-image as an employer is that we support our employees in balancing their professional and private lives. In this way, we want to strengthen identification with the company and our position in the competition for skilled workers. We achieve this through a variety of offers aimed at our employees in different phases of their lives and meeting their growing need for flexibility in terms of time and space. KEUCO supports employees with numerous tried and tested options for adapting working hours and location to personal circumstances. These include flexible working hours, part-time (also in combination with parental or care leave) and flex office. We are continuously working to expand these possibilities and are increasingly committed to the effective use of digital solutions.

In addition to the 30 days of annual leave, we offer special leave for special life events such as the birth of children, weddings, relocations or funerals.

Our flexible instruments proved very helpful in the coronavirus pandemic. They make it easier for our staff to cope with the increased challenges in their professional and private lives during the pandemic.

Even seemingly small things, such as short distances through parking spaces directly in front of the door or lunch to take home from our canteen, make it easier to reconcile work and family life with many small building blocks.

Integration

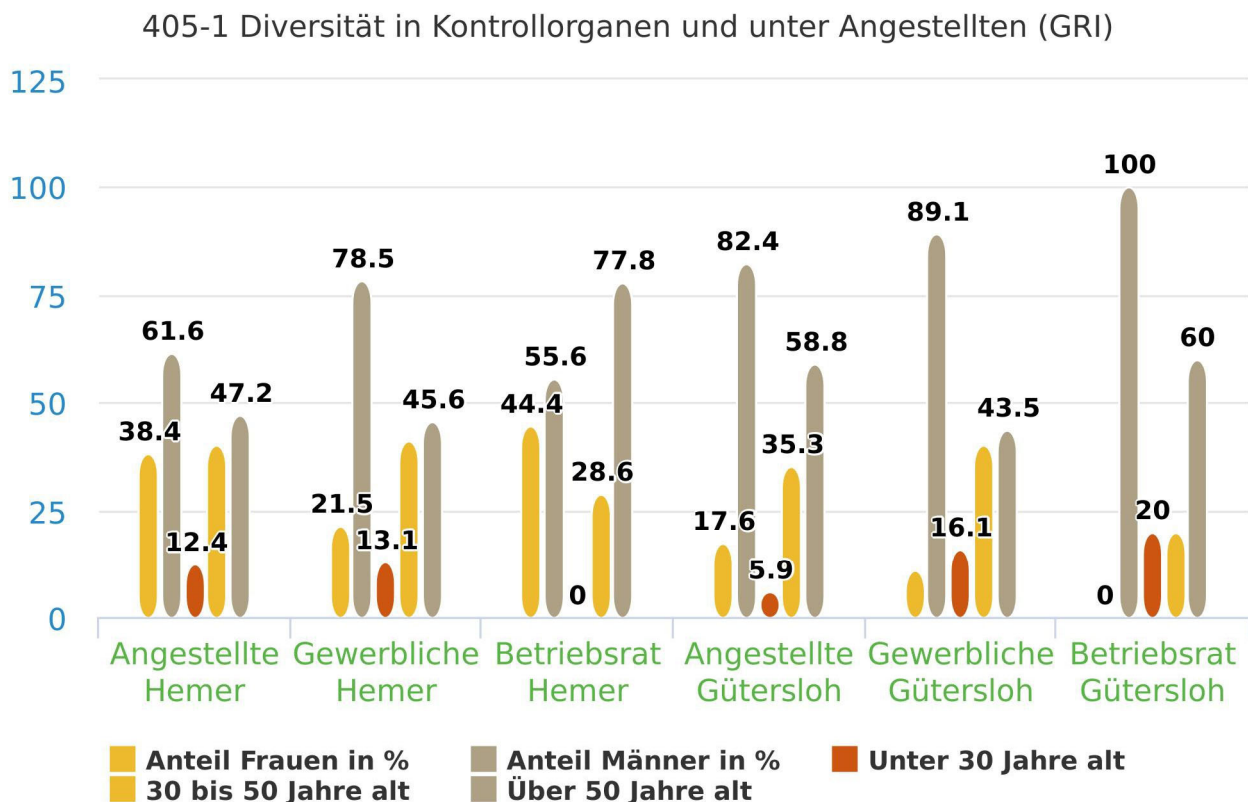
The topic of integration is becoming increasingly important, and not only because of demographic change. For years, it has been a matter of course for us to cater to the special health needs of our employees.

Together with our occupational physician, the works council and the representatives of the severely disabled, we develop individual solutions for our employees. We consciously hire employees with a severe disability or transfer employees to other (sheltered) jobs if they are available.

Within the framework of company reintegration management (BEM), talks are held with employees or measures are taken for gradual reintegration.

An important goal is to overhaul all workplaces in the company from an ergonomic point of view by 2030. In addition to equipping the workplaces with modern lighting concepts, this also includes the expansion of height-adjustable desks.

By integration, we do not only mean health aspects, but also, for example, breaking down language barriers through targeted language courses in the company. These either take place directly in the company or are promoted as part of adult education centre language courses and financed by KEUCO.



Social developments such as demographic change, digitalisation and a fundamental shift in values are reflected in an increasingly diverse society. This makes equal opportunity participation within the company more necessary than ever. The promotion of diversity at KEUCO has thus become an important factor for the company's success in order to also counter the shortage of skilled workers.

KEUCO in Hemer and Gütersloh employs people from 18 nations, all age groups, cultural and religious backgrounds, as well as a wide range of ethnic and social backgrounds (405-1 Diversity in supervisory bodies and among employees (GRI). The resulting potential of skills, knowledge and experience provides us with concrete competitive advantages in view of our heterogeneous business structure; the cooperation promotes creative approaches and ensures adaptability. Diversity is therefore necessary from an entrepreneurial point of view alone and is a matter of course for us. As part of our HR strategy, we therefore place particular emphasis on promoting as diverse an employee structure as possible and offering employees non-discriminatory jobs and equal opportunities regardless of gender, age, religion, status, family situation, sexual orientation, origin or disability.

We are not aware of any incidents of discrimination, which is why no measures are named here (406-1 Incidents of discrimination and remedial measures taken (GRI).

6.4. Qualification

At KEUCO, we focus on quality - and not only with our products. Whether in product development, manufacturing or administration: Our first-class products for bathrooms can only be created by qualified employees and inspire our customers.

Continuity is important to us. Many KEUCO employees have been with our company for years. Specialists who are masters of their trade. People who learn tirelessly, who are curious and have vision.

Aspect 1: Goals to promote (further) education, health management, digitalisation and demographic change

Good reasons for KEUCO...

- Continuous job-related training
- Further training and coaching for managers
- In the company, decision-making paths are short and hierarchies are flat
- We are committed to the further training of our employees - strengths are encouraged
- Teamwork and a collegial atmosphere are important to us

Flexible working environment

A family approach is our credo and can be felt in many ways. Birthday gifts and personal words are just as much a matter of course as the always "open" doors in everyday office life. Flat hierarchies enable a positive working environment and short decision-making paths.

Demographic change

We are addressing demographic change at various levels. On the one hand, at the level of promoting young talent with our training programme, and on the other hand, at the level of our existing employees with comprehensive efforts for further training and education, but also through high employee retention.

Health protection and workplace health promotion

In close cooperation with the health insurance funds and our occupational physician from GESA in Hemer, we offer our employees comprehensive occupational health examinations, compulsory or offered preventive medical check-ups and vaccinations (annual flu vaccination and COVID-19). We are currently on the way from workplace health promotion to workplace health management and already have a wide range of offers, such as blood donation day, fitness meals in the canteen and much more.

Aspect 2: Strategies and concrete measures

At KEUCO, we want to maintain or even improve the health and working ability of our employees with targeted measures as part of a holistic health management system. The change from workplace health promotion to the establishment of targeted workplace health management is successful.

Strategies and concepts are being developed to ensure that the workforce is able to better cope with demands and stresses.

"By occupational health management we mean the development of company structures and processes that aim to shape work and organisation in a way that promotes health and to enable employees to behave in a way that promotes health."

(Badura, Walter & Hehlmann, 2010)

Aspect 3: Goals achieved

The following have been our key achievements over the past two years:

(Further-) Training:

- Continuous job-related training
- Further training for managers
- Further training of soft skills Continuous
- vocational training

Digitalisation:

- Introduction of new software for digitalisation (Tisoware workflow), ProAlpha, Softgarden, SAGE, etc.

Health management:

- Analysis of the absenteeism reports with the help of the health insurance
- funds Strategy derivation/setting of goals/annual priorities
- Derivation of measures such as health days, offers within the framework of occupational health and safety
- Seasonally changing fruit offer and water dispenser for free disposal

404-1 Average hours of education and training per year per employee (GRI)

In recent years, the budget for education and training has been successively increased. There was a 25% budget increase in 2019 to 2022. The budget is also to be further expanded in the future. We will submit the number of hours in the next sustainability report for the year 2023.

Aspect 4: Significant risks arising from your business activities, from your business relationships and from your products and services that are likely to have a negative impact on qualification.

We do not see any risks from our business activities on the qualification of our employees. Conversely, risks to our corporate activities arise from demographic change, which we are already working to counter, as described elsewhere.

6.5. Human rights

Aspect 1: Objective

When selecting suppliers, KEUCO pays attention to compliance with ethical standards, responsible working practices as well as occupational health and safety and environmental protection. In this way, we want to minimise risks in the supply chain and further expand long-term relationships together with our suppliers by acting responsibly. To this end, we have set ourselves the following goals:

- By the end of 2023, we will assess 80% of our existing and future suppliers taking into account environmental and social sustainability aspects.
- From 2024 onwards, KEUCO will assess 100% of new suppliers on the basis of social criteria.
- By 2025, we will screen 80% of critical suppliers for human rights compliance or conduct a human rights impact assessment. We want to have 100% knowledge about negative impacts in the supply chain and actions taken.
- 80% of our new products should be "Made in Germany".

Aspect 2: Strategies and measures

For the most part, KEUCO works with German suppliers. These are accordingly bound by German law and statute. As a result, compliance with ethical standards, responsible working practices, occupational health and safety and environmental protection are not currently monitored separately. There have been several visits to our Asian partners in the past to get a picture of working conditions and compliance with ethical standards. All partners have adequate working conditions.

In the future, too, compliance with human rights in accordance with the law is to be ensured. To this end, we examine whether our suppliers' production processes comply with the ILO's international occupational health and safety standards. Particular attention is paid to the issues of child labour and forced labour. In order to ensure compliance with human rights, KEUCO will follow the requirements of the Supply Chain Due Diligence Act. By the end of 2023, the following steps will take place as part of the implementation of the Supply Chain Due Diligence Act:

- Set up risk management
- Determine responsibilities within the company Determine
- responsibility for regular risk analyses
- Issue a policy statement on human rights strategy Take preventive and
- remedial action
- Establish a complaints procedure for whistleblowers
- Documenting and demonstrating compliance with due diligence obligations in an annual report

Compliance with human rights is guaranteed at the German production sites in Hemer and Gütersloh.

In addition, a questionnaire will be created by the end of 2023 to include social criteria in the supplier evaluation. This questionnaire asks, for example, questions about respect for human rights, minimum wages and occupational safety.

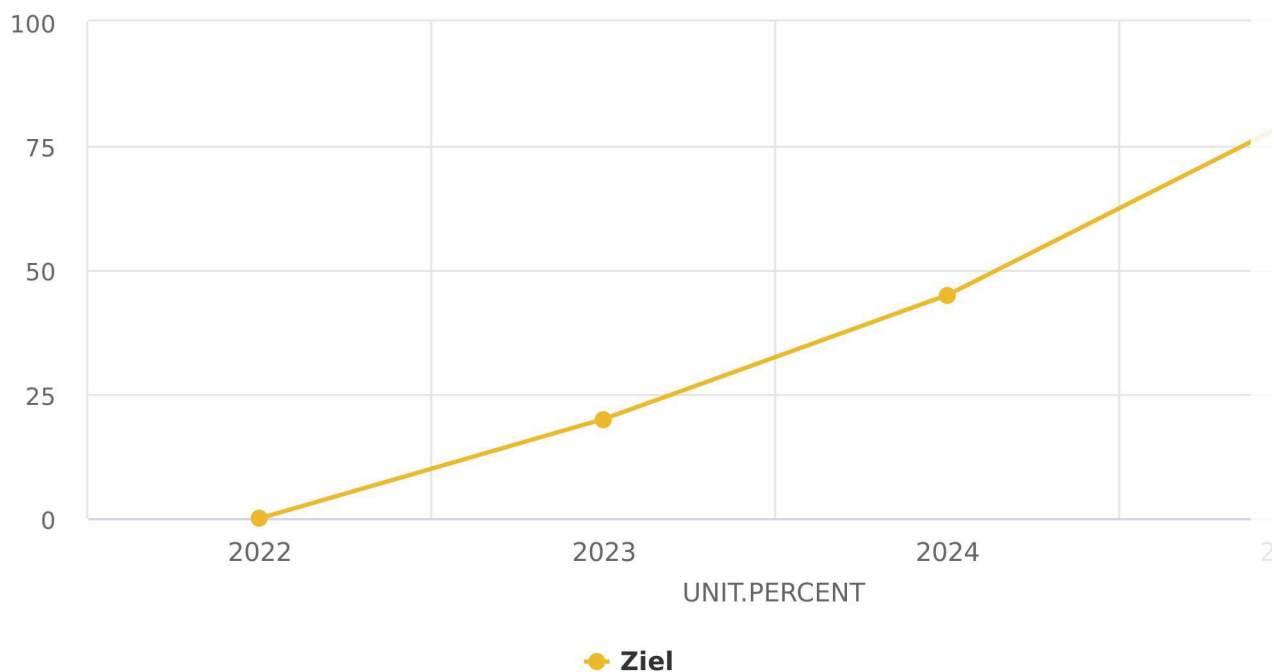
Aspect 3: Goals so far

Up to now, the evaluation of suppliers has focused primarily on quality, delivery performance, price development and other commercial aspects. In future, greater attention will also be paid to sustainability and social criteria when selecting and evaluating suppliers.

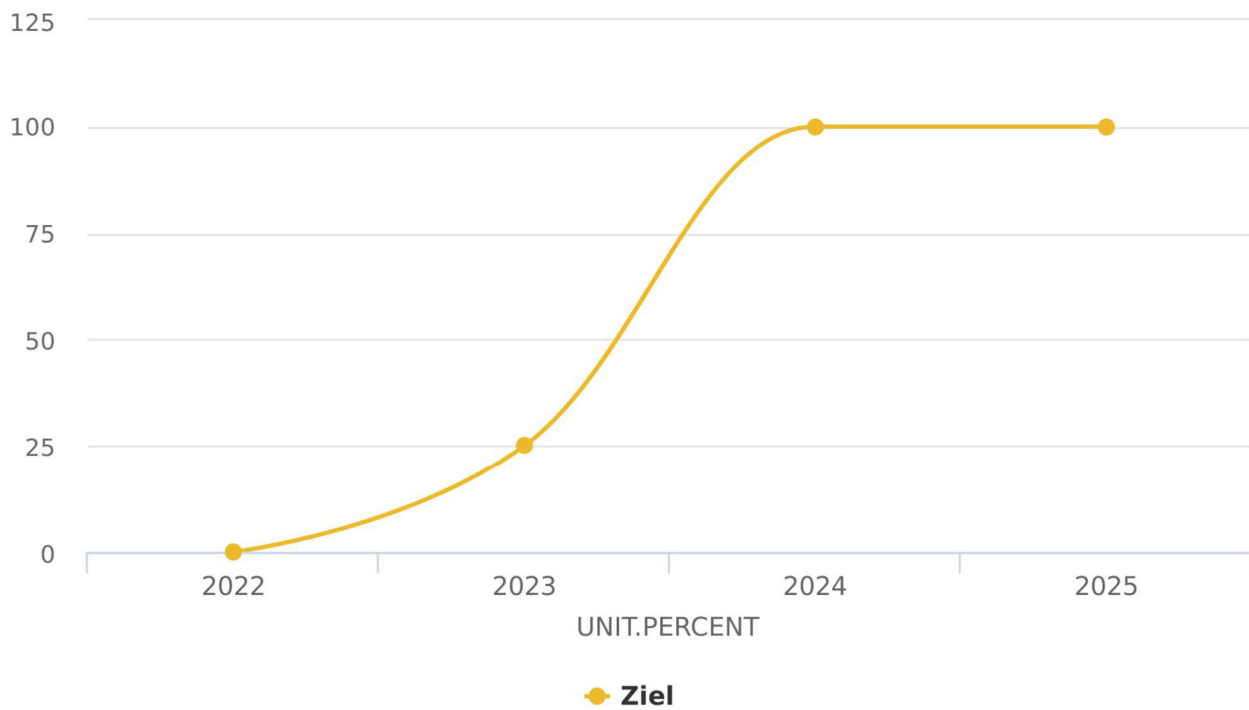
Aspect 4: Risks from business activities

In the past, human rights violations were not included separately when considering potential risks within the supply chain. As the majority of suppliers have their production sites in Germany, the risk of human rights violations is considered to be very low. In the future, KEUCO will pay particular attention to the violation of human rights in the risk assessment, especially for suppliers with international production sites. In this context, we will then also consider the GRI performance indicator 412-3.

412-1 Betriebsstätten, an denen eine Prüfung auf die Einhaltung der Menschenrechte oder eine menschenrechtliche Folgenabschätzung durchgeführt wurde (GRI)



414-1 Neue Lieferanten, die anhand von sozialen Kriterien überprüft wurden (GRI)



6.6. Community

Social commitment



KEUCO sees itself as part of the community and is committed both regionally and nationally. We support various social and charitable projects. This is first and foremost about being active locally at our location, but we are also committed beyond our borders.

These are social, cultural as well as sporting projects. We support local schools, clubs and organisations.

Local projects

Since 2009, for example, there has been cooperation with the primary school in the Becke-Oese district. The school is about 200 m away. In order to be able to provide lunchtime supervision, the school has the option of coming to KEUCO with the children. Then it gets loud and turbulent at KEUCO in the casino and the children are happy about a good lunch.

In addition, our employees at the Hemer site have the opportunity to donate blood during working hours twice a year, for example. A blood donation can be life-saving for someone else! In Germany alone, up to 14,000 units of blood are needed every day.

With just one blood donation, up to three sick or injured people can be helped and thus given a chance of survival. Nevertheless, there is an acute shortage of blood. We at KEUCO also want to help and regularly call on all employees to become active. For this purpose, the mobile blood donor van of the German Red Cross comes to KEUCO. The offer is gladly used and so in 2021, with our appeal and the campaign "Save lives - Go donate blood!", we were again able to welcome almost 50 blood donors per appointment.

Supraregional projects

But our social commitment goes far beyond that.

In recent years, support has been given to various organisations such as:

- After the flood disaster of 2020, support for municipal emergency aid as well as for the emergency services with donations to
- Action "Germany helps"
- Johanniter in helping victims of war, especially in Ukraine

Water as a matter of the heart

Water is a matter close to our hearts and we at KEUCO would like to make a contribution and so we support well construction projects indirectly with Viva con Agua as well as directly with the organisation KUMANGA e.V.

The Fountain Project

Malawi is a landlocked country in southeast Africa. The west of the country is characterised by drought and dryness, especially in the summer months. There is a lack of clean drinking water. Women and children in particular walk many kilometres to fetch a bucket of water from a polluted water point. In many areas there are no wells to bring water to the surface.

Sustainable improvements in living conditions

KUMANGA e.V. has made it its mission to improve the lives of people in the arid region of Malawi in a long-term and sustainable way. With the construction of wells, precious water can be brought to the surface.

And where it is needed - every day. In addition to clean water, the project now provides families with time to send their children to school. The well not only prevents diseases, but also promotes education, the village community and the economic and social development of the village.

We support KUMANGA e.V. and finance the construction of wells in Malawi to give more people access to clean drinking water. A major project of KUMANGA e.V. is to build wells in Malawi. Clean drinking water means helping many people to help themselves directly and without detours. It means better hygiene, health and quality of life.



Blood donors save lives.
Are you in?



6.7. Political influence

For KEUCO, the results from the REACH regulations are of great importance. KEUCO complies with the requirements of these regulations to protect human health and the environment from the risks that can arise from chemicals. KEUCO has not made any submissions on legislative projects.

KEUCO has no political commitment and is not a member of any political organisations.

KEUCO is a member of an industry association that is not politically active.

415-1 Donations to political parties are not made.

6.8. Conduct in compliance with the law and directives

Aspect 1: Strategies, systems and processes to prevent unlawful conduct, especially corruption

In accordance with the "principles of our actions", KEUCO sees itself as a constantly developing and learning organisation in which necessary changes and improvements are brought about immediately. An essential aspect here is the legal conformity of all actions by KEUCO and KEUCO employees. For a company, considerable disadvantages can already result from the initiation of official investigations, even if the suspicion subsequently proves to be unfounded. Therefore, it is not enough for us to avoid violations of the law, it must rather be the goal of all to already avoid any bad appearance of illegal behaviour.

KEUCO therefore obliges all its employees to conduct themselves in accordance with the law and guidelines within the scope of their work for the company. All employees are required to behave in accordance with the legal compliance rules. A corresponding KEUCO Code of Conduct is being prepared by HR. In this context, all employees will be obliged to comply with it, and a corresponding guideline is also in preparation.

Aspect 2: Strategies, systems and processes to prevent unlawful conduct, in particular corruption - Review

Supervisors are obliged to pay attention to compliance guidelines. This does not release the other employees from their personal duty to comply with these guidelines and, in cases of doubt, to approach their supervisor in good time.

Aspect 3: Overall responsibility

Overall responsibility for the topic of compliance lies with the CFO from 01.05.2023.

Aspect 4: Awareness-Raising

All employees must familiarise themselves with the legal requirements and future guidelines and consult their supervisor in case of doubt. Violations of these guidelines may have consequences under labour law for the employees concerned.

Aspect 5: Goals achieved

The following goals were achieved: Legal compliance, no confirmed incidents of corruption.

419-1 Non-compliance with laws and regulations in the social and economic sphere (GRI)

In 2021 and 2022, all laws and regulations in the social and economic field were complied with.

205-3 Confirmed incidents of corruption and actions taken (GRI)

There were no confirmed incidents of corruption in 2021 and 2022.

Aspect 6: Material risks

There are no significant risks from the products and/or business relationships that have a negative impact on corruption or bribery.

205-1 Operating sites audited for corruption risks (GRI)

In 2021 and 2022, no operating sites were explicitly checked for corruption risks.

When the CFO takes over responsibility for the topic of compliance, further measures and target derivations are to be expected.

7. Publication Details

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