



Hansgrohe Group

ANNUAL REPORT WITH SUSTAINABILITY REPORT

/ 2023

Content















OUR COMPANY

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Dear Readers,

Fiscal year 2023 has put a damper on the entire bathroom and sanitation industry. After our record years in 2021 and 2022, it was a really challenging year. The market crisis is a side effect of the economic downturn in the construction industry, combined with uncertainty among investors. The effects have been felt by the entire industry, including by all of us here at Hansgrohe.

The momentum of our rapid growth was halted abruptly. We have faced up to this reality and handled it resolutely. As in previous cases throughout our 123-year history, we will take advantage of this market crisis as an opportunity to emerge from the situation stronger and more dynamic and self-confident. We were in peak form after the financial crisis in 2008 and after the pandemic years. Thanks to the flexibility, team spirit and passion of our employees, we will also succeed this time around.

Circumstances aside, Hansgrohe is well positioned within international markets. We are very successful in the project business despite the subdued construction sector. Markets such as Turkey, India, Mexico, and the Southeast Asia and Middle East regions are currently enjoying their best years. Contrasting with this, however, are stagnation and decline in markets that are significant for us, such as Germany and China. However, with our new InnovationParc in China and the production site in Serbia, which opened last summer, we have established the infrastructure necessary to take advantage of future opportunities in these areas.

We launched innovative products in 2023, and demand for our new iBox, the hansgrohe Pulsify shower range and the AXOR novelties is picking up. With our new product categories, such as bathroom ceramics and bathroom furniture, we offer our customers holistic user and bathroom experiences in the same high quality we have always offered. I am confident that we will continue to celebrate success with our innovations in 2024.

Sustainability is not an add-on for us, but rather part of our quality promise. Our products are designed to alleviate the environmental impact and assist customers in conserving energy and water. Starting this year, this new normal will also be evident in our upgraded Annual Report with Sustainability Report. In doing so, we are taking a step toward the new EU reporting requirements and incorporating change, business and sustainability topics into this new format. These topics belong together. We hope you like the new report.

Yours Hans Jürgen Kalmbach — Chairman of the Executive Board



Dear Ladies and Gentlemen,

It is no secret that the Hansgrohe Group has had a challenging year. In view of the overall situation, we have managed well – we are not facing an insurmountable crisis.

The market environment is changing rapidly, and Hansgrohe will also have to adapt to the changes and continue to develop. The Supervisory Board is firmly convinced that we will overcome the economic challenges together with flexibility and team spirit.

As we navigate through ongoing changes, we remain committed to supporting the Executive Board in effectively carrying out their responsibilities. Our decision to appoint a new Chief People Officer, for example, clearly points to the future, as this department will take on increasing importance. This will enable us to focus even more on our employees. Ultimately, the products, machines and buildings are only secondary elements of the company. It is the people who achieve extraordinary accomplishments that make the company's success possible in the first place.

2023 has shown that we must ensure a stable position to be able to continue forging ahead. A sustainability-oriented strategic positioning of the company is important for this. Responsibility for people – inside and outside the company – and responsibility for the environment are the right way forward.

The achievements and successes presented in this report show that Hansgrohe is on the right track. Prizes and awards such as the German Sustainability Award 2024 also make it clear that the initiatives of recent years are fruitful.

Yours Klaus F. Jaenecke — Chairman of the Supervisory Board

Hansgrohe – Holistic solutions for bathrooms and kitchens

Hansgrohe stands for 123 years of innovation, design and quality. Today, we are an international group. As a company, we assume responsibility for people and the environment. This standard for ourselves, for our thoughts and for our actions is deeply anchored in the Hansgrohe Group.

Our Company

Headquartered in Schiltach, Baden-Württemberg (Germany), the Hansgrohe Group is a leading company in the sanitation industry. The group of companies consists of Hansgrohe SE, as well as 35 companies and 21 sales offices worldwide. The two shareholders are the Masco Corporation headquartered in Livonia, Michigan (USA) at 68.35 percent and Syngroh Verwaltungs- und Beteiligungs-GmbH headquartered in Schiltach with the remaining shares (more about this in the Management Report under 5.4 Governance information). Thanks sales in 152 countries, the company is a reliable partner for its customers in all regions of the world.

The Group produces and markets high-quality showers, shower systems, bathroom and kitchen faucets fittings and sinks under the AXOR and hansgrohe brands. In combination with sanitary ceramics and bathroom furniture, the company offers individual design options from a single source for holistic bathroom experiences. The products are characterized by innovation, design and quality. In 2023, the Hansgrohe Group had eight in-house production sites, four of which are in Germany and one each in France, Serbia, the US and China.

A distinct sense of responsibility towards people and the environment is part of our self-image. Sustainable thinking and action are firmly anchored in the company. The products are to be manufactured in an environmentally friendly and socially responsible manner and contribute to sustainability when used. To make this ambition visible, we use the mission statement "In Touch with our Planet" in internal and external communications.

The more than 5,400 employees of the Hansgrohe Group – around 60 percent of which are in Germany – are the key to the company's success. Their commitment, their willingness to innovate and their sense of responsibility are what make the company what it is. Hansgrohe promotes their careers with a variety of measures and protects their diversity, as well as their health and safety.

Key brands and product categories

The Hansgrohe Group products sold under the AXOR and hansgrohe brands are used in the bathroom and kitchen. For bathroom furnishings, we offer showers, faucets, thermostats, bathroom furniture, ceramics for vanities and toilets, and mirrors. The range also includes drain systems for showers, bathtubs and sinks. The shower products include hand-held showers, overhead showers, body sprays, shower sets, shower systems and accessories. For faucets and fittings, we distinguish between products for sinks, showers, bathtubs and bidets. For the kitchen, we offer kitchen faucets and sinks.

Our design brand AXOR develops and produces iconic objects for luxurious bathrooms and kitchens. In cooperation with world-renowned designers, including Philippe Starck, Antonio Citterio, Jean-Marie Massaud and Barber Osgerby, products are created in a wide range of styles. All AXOR faucets, showers and accessories meet the highest quality standards. With expertise that extends well beyond their own products, AXOR inspires and empowers architects, interior designers and design enthusiasts to design durable bathrooms in individual styles.

The signet for our sustainability communication combines water drops, fingerprints and waves, complemented by our mission statement to take responsibility for people and the environment, for our planet.



The premium brand hansgrohe stands for holistic solutions in the bathroom and kitchen, water- and energy-saving technologies, intelligent functions and long-lasting quality. With its timeless products, the brand that is rich in tradition combines pioneering innovations with a sustainable and mindful lifestyle and a high level of comfort. Together with its long-standing design partner PHOENIX, smart living applications are also created, which enrich everyday life with added functionality and safety.

The new production site in Valjevo, Serbia, which was opened in June 2023, strengthens the Hansgrohe Group's European manufacturing network.

With our brands and products, we meet different customer wishes and offer various properties, operating options, design directions and installation solutions for different needs.



With the expansion of our product range in the 2023 fiscal year to include wash-basins, toilets, and bathroom furniture, we are responding to a changing market logic: Our customers are increasingly demanding coordinated product solutions from a single source. That is why we are increasingly seeing our role as that of a designer of holistic bathroom experiences.

We have also set ourselves the goal of operating in an increasingly sustainable manner. Coordinated and managed by our Green Company team, we define and implement our sustainability goals and measures – in product development, as well as in management (more in the Innovation section starting on page 16 and the Sustainability Strategy section of the Management Report starting on page 62).

Market presence and investments

The Hansgrohe Group is a renowned brand recognized across various regions globally. Our focus markets are Germany, France, the UK, the US and China. We distribute our products through various sales channels, such as sanitary wholesalers and plumbers. In addition to marketing to specialist customers, global project business is particularly important. As one of the leading companies in our sector, we want to set new standards in our industry. We patent our innovations to position ourselves as an innovation leader in the market.

With our own manufacturing facilities in Germany, France, China, Serbia and the US, we have access to an international production network. The two biggest German production facilities in Offenburg and Schiltach are supported by the branch office in Willstätt. With ESS (Easy Sanitary Solutions), a majority holding of Hansgrohe SE, the Hansgrohe Center of Excellence for Shower Channels and Drains was created in Bad Bentheim. In January 2024 ESS became wholly owned by Hansgrohe SE.

In total, the investments made in 2023 by the Hansgrohe Group amounted to 81.6 million euros (2022: 89.2 million euros). A large part of this was due to the further expansion of our new production plant in Serbia, which opened in mid-2023. This new location will strengthen our European manufacturing network. The modernization of systems and tools at our production facilities was another focus of investment. We invested in higher manufacturing capacities, greater automation and tools for numerous new products in the basic manufacturing and assembly areas, as well as in information technology and the security of digital processes.

Selected key figures of the Hansgrohe Group

	2021	2022	2023
Production sites	6	7	8
Metric tons of delivered products	28,024	29,798	22,082
Companies	34	33	35
Sales ¹ (millions of euros)	1,377	1,550	1,406
Employees ²	5,373	5,639	5,448

¹Annual statement according to the Commercial Code of Germany ²Figures do not include temporary staff; Reporting Date 31st of December

Select memberships

Hansgrohe SE and its subsidiaries are members in associations and organizations in their economic and social environment. A selection related to sustainability topics can be found here:

- Aktionskreis gegen Produkt- und Markenpiraterie (APM) (Action Group against Product and Brand Piracy) in the Bundesverband der Deutschen Gießerei-Industrie (BDG) (Federation of German foundry industry e. V.)
- Bundesverband Materialwirtschaft, Einkauf und Logistik (BME) (Federal Association of Materials Management, Purchasing and Logistics)
- Bundesvereinigung der Firmen im Gas- und Wasserfach (figawa) (Federal Association of Companies in the Gas and Water Industry)
- Deutsche Gesellschaft für Galvano- und Oberflächentechnik (DGO) (German Society for Electroplating and Surface Technology)
- German Association for Human Resource Management (DGFP)
- Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB) (German Sustainable Building Council)
- Verband Deutscher Maschinen- und Anlagenbau (VDMA) Armaturen (German Engineering Federation, Valves Association)
- German Institute for Standardization (DIN)
- European Association for the Taps and Valves Industry (CEIR)
- Institut Bauen und Umwelt (IBU) (Institute of Building and the Environment)
- German Design Council
- Wirtschaftsverband Industrieller Unternehmen Baden (WVIB) (Baden Business Association of Industrial Companies)

An extensive and current list of our memberships, including those of our international subsidiaries, is available as a PDF download on our corporate website (www.hansgrohe-group.com) under Sustainability > Corporate Management.

INSIGHTS



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Drives the topic of Diversity & Inclusion at Hansgrohe: Katrin Edinger.

CPO Sandra Richter views the diversity of the workforce as a key strength of the company.

“You can sense the teamwork”

Sandra Richter, Chief People Officer, and Katrin Edinger from the Global Talent and Diversity, Equity & Inclusion team discuss good working conditions, why diversity and equal opportunity are so important and how “all over the board” resumes can be.

“People are the focus” – a lot of companies say that. Is that true for Hansgrohe?

KATRIN EDINGER: Hansgrohe is known for being a great place to work, where cooperation is not neglected. I can confirm that, and that’s indeed why I made the conscientious decision to apply here around two years ago.

SANDRA RICHTER: I think – and I’ve been here for a year now – you can sense teamwork. In my opinion, the atmosphere here is very appreciative. I find it extraordinary the way the workforce gets to be involved in many decisions.

Which of the four Hansgrohe core values – passion, appreciation, teamwork and trust – is most important to you?

RICHTER: Passion. People put their heart and soul into their work here. That impresses me. I can see the love in every detail.

EDINGER: Appreciation. The fact that people here accept each other for who they are. This is also our mission statement for Diversity & Inclusion.

What is Hansgrohe’s position on the current topic of diversity and democracy?

EDINGER: Hansgrohe has already made its position clear. We respect



“That’s what we stand for: Opening up paths for people in a way that proactively supports cross-functionality.”

SANDRA RICHTER

everyone, regardless of their background. We made this clear in 2023 as part of a campaign to raise awareness of our expectations at all plants of our facilities around the world.

RICHTER: I have a migrant background myself. My parents come from former Yugoslavia. Diversity is therefore not only important to me as a woman, but also culturally. When I reorganized the HR department, I wanted the topic to be at the forefront. That’s why I’m heading the endeavor.

EDINGER: Our Executive Board is promoting the issue, which sets a strong foundation. In 2024, we want to continue increasing the diversity of our workforce at the managerial level in Germany. That’s why the Women4future program was launched last year. Its objective is to strengthen the position of women from all hierarchical levels, for example through workshops such as “Strong woman – strong presence,” covering successful communication in our industry. We also encourage men to take advantage of offers such as parental leave or part-time work. This increase in flexibility will be a win-win for both genders.

RICHTER: We also anticipate that our inclusiveness will continue to grow. For example, one of our assembly workers is

deaf, and her manager has completely adapted her workplace for her. Since then, we have taken on another employee who is deaf.

Employee development seems to be working well at Hansgrohe. David Zapf is a great example. He completed his dual studies here, and in 2023, he created a first at Hansgrohe (see page 13): a recycling machine for chrome-plated plastic components.

RICHTER: That’s right! Our CEO Hans Jürgen Kalmbach also completed his dual studies here. This is what we stand for: opening up pathways for people in a way that proactively supports cross-functionality – in other words, professional experience that’s all over the board.

How did you come up with your topics of interest? Ms. Richter, you studied mathematics. That sounds like a pivot.

RICHTER: Yes, I studied to be a teacher and then realized that it wasn’t for me. I ended up in HR controlling through my dissertation – I had a propensity for programming databases. I have now been working in HR for around 20 years. At Hansgrohe, I can strengthen international processes and thus support our company. I want to use key figures to create more

transparency at all locations to better manage talent and gender diversity.

And you, Ms. Edinger?

EDINGER: I have a background in project management and helped organize one of the largest accessible events in Germany. Because I enjoy helping change come to fruition, I studied organizational development. I also had to realize that everyone can’t achieve everything. That’s why I am committed to gender equality. At Hansgrohe, I can combine it all. Diversity is an important factor in being successful. Many studies show that companies that embrace diversity and inclusion are more innovative.

RICHTER: Exactly. We need all the talent out there, and we attract talented people with working-hour models and benefits that are right for them. We are also creating more flexibility for parents with our new daycare center in Schiltach. It has a capacity of 90 for children 12 months and older and service hours are 7 a.m. to 5 p.m. September 2023 saw the start of a crèche and a kindergarten group started. In May 2024, the second crèche group opens. A complete success, I would say.

“Many studies show that companies that embrace diversity and inclusion are more innovative.”

KATRIN EDINGER



Turning it green

Many people at Hansgrohe are driving sustainability within the company. We present three of them here.



Timo Bok, Head of Building Engineering

Manager of buildings

All Hansgrohe locations should strive to be free of fossil fuels. Timo Bok, Head of Building Engineering, is currently developing a concept for this vision. "I'm always thinking about sustainability," he says. The 46-year-old has been proving this for ten years at Hansgrohe, such as when working on the new faucet production facility in Valjevo, Serbia. "It's negative 20 Celsius there in the winter and over 40 Celsius in the summer. The aim was to avoid high energy consumption for heating and air conditioning." The solution of a photovoltaic system, 26 centimeters of roof insulation, a combined heat and power unit and triple-glazed windows led to grateful employees on site – and LEED* certification. Bok has even more ideas, such as using process heat from plastic injection molding and hydrogen as alternative energy sources, as well as designing buildings with a focus on biodiversity. And photovoltaics? "We'll soon have them on almost every roof," he says with satisfaction.

*Leadership in Energy and Environmental Design is a rating system for ecological building that was developed in 1998 by the U.S. Green Building Council.



David Zapf,
Specialist Surface
Technology

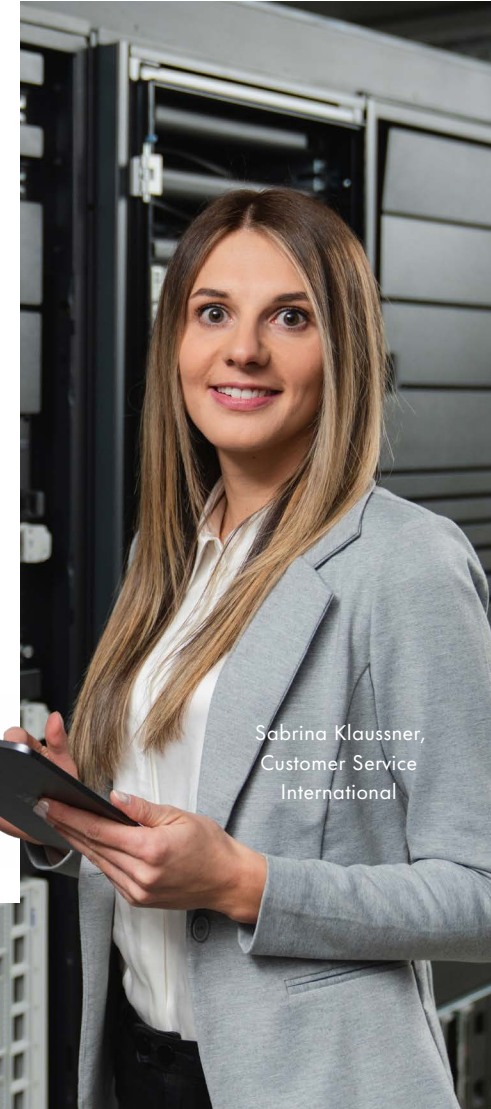
Inventor of a world novelty

Because only products of impeccable quality leave the factory, Hansgrohe produces up to 100 tons of chrome-plated plastic rejects every year. “How can we recycle these?” That’s the question David Zapf and team asked themselves in 2019. “There has never been a good recycling solution for such composite materials anywhere in the world. Proposed solutions were too expensive and didn’t yield plastic of sufficient purity,” says Zapf. The process engineer for plastics and surface technology, who has been with Hansgrohe since 2013, launched a research project. Many series of tests later, the now 30-year-old presented a world’s first: A process – one that has since won an award – (see page 101) that separates the metal from the plastic with only 0.05 to 0.2 percent impurity (previous solutions contained 0.6 to 1 percent)! Together with Impuls Tec, a German company specializing in shockwave fragmentation, Zapf designed a recycling machine that went into operation in Offenburg in February 2024. What a success! Zapf remains humble, stating, “The process still has to prove itself in series production.”

Driver of digital waste disposal

Our work devices, the internet and supporting systems contribute to 3.7% of GHG emissions worldwide, with an expected doubling by 2025*. We often don’t realize how much electricity large email attachments or old documents on the server use,” says Sabrina Klausner. The 31-year-old Customer Service expert and her team launched a digital clean-up challenge as part of the Green Expert Program 2023**: the data from two areas is evaluated, cleaned out and remeasured. “The challenge is to integrate this into day-to-day business,” says Klausner. “Especially the longer you’ve been with the company.” It is a fact that the “digital waste” has to be disposed of: Hansgrohe is switching to cloud-based solutions in many places. “We need to be aware of our digital footprint,” says Klausner. “Climate protection also takes place digitally.” 2024 calls for a challenge in other departments.

* World Economic Forum, Energy Transition, 2021
**A program to build expertise in sustainability at Hansgrohe.



Sabrina Klausner,
Customer Service
International

Highlights 2023

Our review of joyful and positive events



1,200

As is our tradition, we provided two chartered trains as part of an invitation to our colleagues to come to the **International Sanitation Trade Fair ISH in Frankfurt** in May. The premiere of our bathroom of the future (see page 28) at the booth was a real magnet for trade show attendees.

SUBSTANTIATED

We have joined the **Science Based Targets initiative (SBTi)** to make a scientific contribution to the Paris Agreement's 1.5°C target. In 2023, our emissions reduction targets were validated. More information on page 69.



"We will be investing in innovative water solutions over the next five years. This is how we are supporting the United Nations Water Action Agenda."



CEO HANS JÜRGEN KALMBACH
VISITING THE UN WORLD
WATER CONFERENCE
IN NEW YORK IN MARCH

RETHOUGHT

"Our image of social issues, the economy and the Global South must change," says **Jessica Trejo**. She is our **Social Innovation Manager**, a position we created in 2023. Instead of simply sending donations, we help people with new, long-term business models. The first projects launched in 2024. The aim is to develop decent sanitary solutions in Kenya and Uganda.

We ranked in the **Top 25** of International Forum Design's **iF WORLD DESIGN INDEX 2019-2023**, making us one of the best companies in the world when it comes to design.



The Handelsblatt (German-language business and financial newspaper) awarded us the **Global Transition Award** for our compelling strategies for a 1.5°C-compliant economy.

AWARDED



READY

We opened our **InnovationParc Shanghai** in June 2023. In doing so, we intend to strengthen the way we manage innovation in the local area and to create conditions for further growth in China.



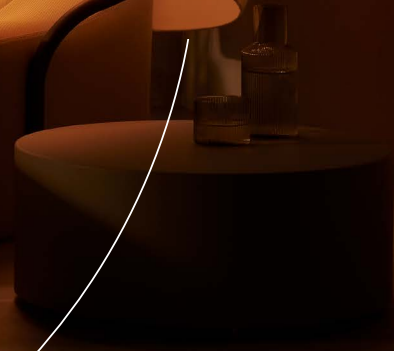
We were recognized as a "Pioneer of Transformation" with the **German Sustainability Award 2024** for our sustainable innovations in the "Energy, Water and Sanitary Technology" category.



READ ABOUT ADDITIONAL AWARDS ON PAGE 19

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OUR FOCUS



Innovation as an opportunity

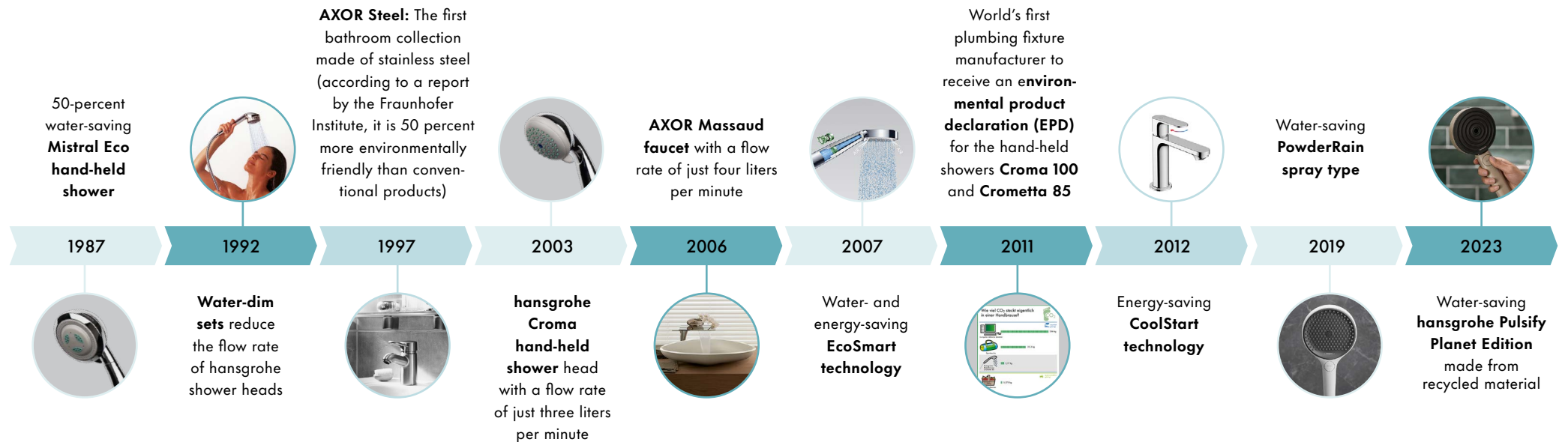
Hansgrohe aspires to improve its customers' quality of life through its innovations. Committed teams of unconventional thinkers develop ideas of the future. They bring products to market that offer added value, meet growing environmental awareness, and satisfy high quality standards.

We develop trend-setting solutions that combine form and function to turn encounters with water into unique experiences. Since 1901, the Hansgrohe Group has proven itself to be one of the creative pioneers in the sanitation industry. We register hundreds of intellectual property claims every year and currently own around 20,000. Since 2018, we have been among the top 100 innovators of German medium-sized companies. Since 1974, we have won over 700 design awards with our two brands, AXOR and hansgrohe.



We contribute to the realization of SDG 6, 12 and 13.

Sustainable milestones for products



Focus on green products

We aim to make life easier and more comfortable with innovations while treating the environment responsibly. In accordance with our mission statement “Water is life and our passion,” we particularly aim to protect fresh water as a resource. We carry through on this commitment not only in production and at our locations (see the Environment chapter starting on page 68), but also when customers use our products.

We are aware that our products have an impact on people and the environment through their manufacture and use. The usage phase is the most intensive in terms of water and energy consumption. But it is exactly in this area where we can adjust our product range to have a positive impact. In this way, we can help our customers to practice sustainable behavior and thus seize the opportunity to position ourselves as a green pioneer in the industry. That is why we invest in product innovations and advance them in line with our purpose and our mission statement “In Touch with our Planet.”

The Green Company sustainability team at the Hansgrohe Group has defined ten initiatives, including Green Products. The flagship project of the Green Products Initiative is called “ECO 2030”: By 2030, we will convert our shower and faucet portfolio to “ECO” models, meaning that we will only offer plumbing fixtures with water- or energy-saving technologies in the future. We define “ECO” as a reduction in water and/or energy consumption of plumbing fixture products in use by at least 22 percent compared with 2020.

This is how we can particularly contribute to the achievement of SDG 6 (availability and sustainable management of water and sanitation), SDG 12 (responsible consumption and production) and SDG 13 (combat climate change).



Hansgrohe technologies help to save water and energy in the bathroom, even in turbulent family life.

Increasing the proportion of green products

We refer to all products that are equipped with water- and/or energy-saving technologies as “green products.” The most important technologies include EcoSmart (maximum 9.5 liters per minute for shower heads and maximum 5 liters per minute for faucets) and EcoSmart+ (maximum 7 liters per minute for shower heads and maximum 4.5 liters per minute for faucets). These technologies enable up to 60 percent water savings in comparison with conventional faucets and shower heads. With CoolStart, only cold water flows when the handle is in the center, which saves energy for heating water. We are currently considering the following plumbing fixture product categories for calculating the proportion: hand-held showers, hand-held shower sets, overhead showers, shower systems, washbasin faucets and kitchen faucets. The sales share of green products within the relevant portfolio was 57.3 percent in 2023 (2022: 55.7 percent).

Product concepts are developed by the AXOR and hansgrohe business units, which work closely with the respective design offices and the Research & Development department and report directly to the Chairman of the Executive Board. The business units are the process owners of the entire brand product portfolio, and they manage both new product development and the phase-out process. They are also responsible for transforming the entire brand portfolio to guide it further towards sustainability.

Planet-centric approach at the InnoLab

The Green Company and Innovation Management Departments, together with the Hansgrohe InnoLab, report to the Head of Innovation Management & Sustainability. The InnoLab was founded in 2017. Here, innovative products and services are developed in an exploratory manner to advance environmental, economic and social sustainability.

Exceptional product solutions are created in the Hansgrohe InnoLab with the help of start-up working methods.



Under our “planet-centric” approach, we focus on the current challenges of water cycles, environmental protection, and the circular economy, as well as on such issues as diversity and access to clean water in the Global South. The working methods of the InnoLab are agile, with iterative processes, creative group work, rapid visualization through prototypes, and customer-centric testing based on a start-up model, as well as the indicators of sustainability, desirability, viability and feasibility.

The teams present their results every three months. Our InnoBoard decides which concepts will be pursued further. The Executive Board along with internal committees and external consultants work together in the areas of design, user behavior, sustainability and global markets. Each project will last a maximum of 18 months. Thanks to these processes, the InnoLab can work to improve the existing product range and advance related business opportunities, such as digital and green transformation, and open new business areas.

The success of the InnoLab is measured by the innovation projects that are implemented. The goal is to achieve a conversion rate (conversion to real, marketable products) of 10 percent. The additional success factors are building knowledge and skills, recruiting talent, strengthening the Hansgrohe Group’s methodological skills and developing management and organizational models.

We also incorporate outside ideas into our innovative approaches. For an average of six InnoLab projects per six-month period, seven to fifteen qualitative interviews or product tests are conducted with potential customers, which may be repeated during the same period.

Our InnoLab also supported the Black Forest Accelerator 2023 of Black Forest Innovation GmbH, a subsidiary of the Stiftung Technologie und Wirtschaft Mittelbaden/Offenburg. The aim of the initiative is to support sustainable business ideas through market readiness. Hansgrohe helped two start-ups with research and sanitation expertise to solve water problems in the Global South: What-a-bird (in sub-Saharan Africa) and Openversum (in South America).

Vitality index

For years, the Hansgrohe Group has generated a large part of its sales from new products that are no more than three years old. To measure this, we use a vitality index. This refers to the share of sales made up of products first launched on the market no more than 36 months ago.

	2021	2022	2023
Vitality index (as a percentage)	21.9	25.8	24.3

Product awards in 2023

In the summer of 2023, our InnoLab took first place in the “Manufacturing Companies” category of the Digital Lab Award presented by the business magazine Capital. Under the title “Twin Innovation: Digitalization × Sustainability,” the 39 participating teams were evaluated for their innovations that enable not only economic, but also ecological and social added value through the smart use of digitalization.

The hansgrohe Planet Edition was awarded the national EcoDesign award in the “Product” category. The jury particularly emphasized the use of materials and described the innovation as a quantum leap in the industry.

hansgrohe also won several design awards in 2023, including eleven awards from iF Design, as well as a Red Dot and a German Innovation Award. This was granted for the Womanizer Wave product range. It enables you to enjoy an exciting masturbation experience in the privacy of your own shower by harnessing the power of water.

AXOR won an iF Gold Award with the ShowerComposition, as well as iF Awards for three other product categories.

The hansgrohe Pulsify Planet Edition hand-held shower is made largely from recycled material and uses up to 60 percent less water than conventional hansgrohe hand-held showers while maintaining the same high level of comfort.



ECO design principles

In order to ensure that our upcoming products are designed around sustainability, we have formulated ten ECO design principles that we use as a guide whenever possible – without compromising the user's comfort.



1 ENVIRONMENT-CENTERED INNOVATIONS: Our products overcome the limits of the status quo with sophisticated innovations. We are thus setting new benchmarks in minimizing negative environmental impacts with maximum comfort.



2 SAVING WATER HELPS 3-FOLD – Less water, less energy, lower costs. Our products consume water and energy only when necessary. In this way, they are designed to ensure maximum comfort with reduced water consumption.



3 ENERGY-SAVING MODE ON: Our products use energy-saving and energy-efficient technologies. Features such as those that reduce both hot and cold water consumption minimize the energy required for heating water during use. Electronic functions are provided in an energy efficient manner.



4 LONG LIVE THE PRODUCT: The design and construction of our products are timeless and designed for a long service life. Maintenance and repair can be performed easily and without special tools. We design our products so they can be updated in terms of technology and design, which extends the useful life of our products.



5 CLOSING CYCLES: Our products can be completely separated and sorted by material type. All components are recyclable and are returned to the raw material cycle. To accomplish this, customers can send components for recycling or send them to Hansgrohe for refurbishment or recycling.



6 LESS MATERIAL IS MORE: Our products are material efficient, meaning that they consist of as few raw materials as possible. Environmental properties play a central role in the selection of materials. Material types that were once used are being replaced by more sustainable alternatives. Our products do not use inseparable composite materials or material mixes.



7 LESS COMPLEXITY: Our products are made of components that can be used universally across all product portfolios. This reduces complexity and costs. Innovative designs are made possible with just a few new parts.



8 LESS COATING IS MORE: Our products are durable, even without a coating. If a coating is unavoidable, we use environmentally friendly surface technologies and the thinnest coating possible. The thinnest possible layer also enables component recycling.



9 STAY CLEAN: The design and materials of our products prevent dirt and limescale deposits. They can be cleaned without using environmentally harmful, aggressive cleaning agents.



10 AWARENESS CREATES BEHAVIOR: Our products create transparency, and we support our customers by raising awareness and educating them on how to use water and energy responsibly.

In addition, we developed the Sustainability Diamond, a tool that evaluates the sustainability properties of a product and reveals opportunities for optimization. We evaluate the properties of new products across the entire development process using a product-specific definition of sustainability goals. This enables us to make product decisions based on each product's sustainability rating.

Environmental impacts across the product life cycle

In late 2022 and in early 2023, the Hansgrohe Group published Environmental Product Declarations (EPDs) for nine product categories across both brands. The declarations summarize each product category's average environmental impact based on the entire life cycle, from the extraction of raw materials to production, long-term use and recycling or disposal. The EPDs cover around 1,400 of the best-selling chrome-plated products from the standard ranges of AXOR and hansgrohe. All EPDs have passed the verification process of the Institut für Bauen und Umwelt e. V. (IBU), Berlin. You can find them on the [website of the Hansgrohe Group](#).

Finding new ways with partners

Partnerships help us to implement innovations, develop technologies, and improve processes. We are currently collaborating with the University of St. Gallen, Furtwangen and Offenburg Universities, the Technical University of Ilmenau, KIT Karlsruhe, KDG Glas Consulting, the Öko-Institut Freiburg, and the German Society for Personnel Management (Deutsche Gesellschaft für Personalführung). An overview of all our 2023 memberships can be found on our [website](#).

We work with Masco Ventures, a wholly owned subsidiary of our parent company Masco Corporation, to make financial investments. The Hansgrohe InnoLab regularly assesses which start-ups should be considered for investment or a partnership.

Raising awareness in society

To educate our customers regarding resource conservation and the use of appropriate technologies, in the year under review, we

- presented features such as our "Green Vision" bathroom to a broad, global audience. It is now open to the public at the Hansgrohe Aquademie in Schiltach. Visitors can also play an interactive game to learn how they can reduce water and carbon emissions in the bathroom today ([starting on page 28](#)),
- took part in the Greentech Festival in Berlin in June and presented water- and energy-saving technologies, as well as our "Green Vision",
- implemented several marketing campaigns focusing on water- and energy-saving technologies,
- developed a bathroom planner that also presents sustainable bathrooms as inspiration.



We contribute to the realization of SDG 6, 12 and 13.

Focus on people and nature: New products for 2023

In line with the innovative solutions that we have released in recent years, our new products for 2023 have continued to focus on the convenient and sustainable use of water as a resource (excerpt):

hansgrohe Pulsify Planet Edition: The new Pulsify Planet Edition hand-held shower offers efficient energy consumption in the production of hot water and a flow rate of less than 6 liters per minute. That's around 60 percent less than with conventional hand-held showers. Plastic recycle from production waste in the shower head, textile hose materials and the WallStoris wall mounting contribute to the circular economy. All parts correspond to standardized connections. WallStoris accessories are wall adhesive.

hansgrohe Tecturis E+S is a new faucet category in two design lines (round or square and in various finishes). Equipped with EcoSmart+ and CoolStart technologies, the product series makes a measurable contribution to environmental protection. EcoSmart+ limits the flow rate to 4 liters per minute at 3 bar of water pressure, and thanks to CoolStart technology, no more hot water than necessary is used.

The **hansgrohe iBox Universal 2** is a further development of our tried-and-tested concealed installation system and makes every day work easier for our installers. Simplified installation and new technical refinements make installation even more convenient, faster and safer than before for tradespeople.

The thread for the Designflex **textile shower hoses**, presented for the first time in 2023, is made from 100 percent recycled polyester and comes from a premium manufacturer within the region. The hoses are produced at our facility in Willstätt.



Bathroom furniture: The premium brand hansgrohe presented its range of bathroom furniture and sanitary ceramics for the first time at the ISH 2023 sanitation trade fair. Countless combinations and product variations make it possible to design a bathroom that's perfectly coordinated in terms of both technology and design. The washbasins, cabinets, toilets and mirrors will initially be rolled out to select Hansgrohe markets in Europe.

AXOR products: Several programs were launched to expand the product range of the AXOR brand: the AXOR ShowerComposition shower program, the AXOR Drains and the new AXOR Suite program (sinks and bathtubs). Also released were various existing collections in new finishes. The AXOR ShowerComposition works with the efficient and water-saving PowderRain spray mode with a maximum flow rate of 12 liters per minute. PowderRain envelops the body with ultra-fine droplets, offering a special shower experience.

In 2023, hansgrohe presented a product range that had been expanded to include washbasins, toilets, furniture and mirrors. All products are packaged plastic-free and support a sustainable lifestyle thanks to their durability and largely natural and recyclable materials.



”

The environmental properties of our products are an essential part of our innovation work. There are already more than enough ecological challenges in the world. We don't want to be part of the problem – we want to be part of the solution.

“

HANS JÜRGEN KALMBACH,
CHAIRMAN OF THE EXECUTIVE BOARD

Product responsibility – to ensure your safety

Hansgrohe offers resource-efficient products that are premium quality. We make no compromises when it comes to product safety or our product compliance.

Our corporate policy defines how we want to achieve economic success while also prioritizing social responsibility and environmental protection. Product responsibility represents a key cornerstone to this vision. We place high demands on our own products, as well as on our suppliers (also see the Supply Chain section on page 100). Our products are manufactured, approved and patented according to strict quality standards. We also make sure that we comply with the relevant standards, laws and internal guidelines as stipulated in our group-wide product compliance guideline.

We are aware that our products can have an impact on people and the environment, from manufacture through use, to eventual disposal. We therefore pay attention to the selected materials and surfaces throughout the entire product life cycle, as well as to our resource-saving, and recyclable packaging. Products and their packaging should meet our quality requirements, but they should also not impair the health of our customers and be sourced from responsibly managed procurement processes. Furthermore, we also focus on the longevity of our products and ensure the lowest possible consumption of resources. In this way, we do our part to help achieve the UN sustainability goals, such as SDG 3 (health and well-being), SDG 12 (responsible consumption and production) and SDG 13 (climate protection measures).

The AXOR and hansgrohe business units with their respective Vice Presidents jointly manage our product policy with the Chairmen of the Executive Board.

When designing a product range, our experts take many aspects into account. We take note of the overarching trends transforming the bathroom and different design preferences in the sales markets, while constantly remaining focused on the customer. Requirements specified by standards and compliance guidelines, as well as the cost-effectiveness of the products in various markets, shape product policy, as do the goals and guidelines we set ourselves, such as our Sustainability Diamond Tool.

Colors, shapes, functions: Our product policy is also geared towards the various trends in bathroom furnishings.



Tests with artificial sweat, a "sunbed", salty air and endurance tests: Hansgrohe's HG Labs is one of the most modern test laboratories in the world. Here is a test stand for cartridges.

New product categories influence the decisions we make about the current portfolio. We constantly review it in light of the specified criteria and adjust it as necessary. Overall, our product policy advances our calling to develop and offer differentiated and popular products to position ourselves as a trendsetter on the market.



Ensuring product quality and safety

The Hansgrohe Group ensures the high quality of its products through its ISO 9001-certified quality management system. All product components are systematically subjected to various tests – from development to production. Furthermore, we commission independent testing and certification companies, such as the TÜV or the German Association for Gas and Water (DVGW), to test the scald or drinking water protection, water and energy conservation, and safe operation or electronics of our products. This underscores our high standards in quality and consumer and environmental protection.

We perform many tests as part of our quality management system in our own laboratory, which operates in accordance with the international competence standard for laboratories (ISO/IEC 17025). In addition, we regulate product requirements using internal standards. One example is our internal standard for constituents of environmentally friendly products. As per the requirements of the EU directive on the restriction of certain hazardous substances such as lead, cadmium or chromium trioxide in electrical and electronic equipment (RoHS), we registered all affected products during the reporting period.

Our products also comply with international drinking water specifications and far exceed the required standards. This is evidenced by our numerous ISO certifications (see our website for more information).

Taking responsibility in the product development process

Another pillar of product safety at the Hansgrohe Group is our product compliance. As a manufacturing company, we attach great importance to this, as it forms an essential part of our ethics and compliance culture. The company managers confirm compliance quarterly with the owners of the Hansgrohe Group.

We strive to proactively counteract specific risks along the product life cycle process via our product compliance guideline, which applies to all employees, and via our product compliance management system, which we implemented in mid-2023. In addition to country-specific laws, the focus here is particularly on technical regulations and standards.

Our Executive Board is legally responsible for ensuring product compliance. Those responsible for implementation are our Group Compliance Officer, Product Compliance Officer, Product Compliance Officer International and compliance multipliers (i.e., representatives from various departments such as Quality Assurance, Purchasing and Product Management).

It is not uncommon for our protected designs or entire products to be copied. We take active and vigorous action against counterfeit products. In this way, we make our customers aware of the existence of these infringements and protect our customers from the dangers of inferior quality.

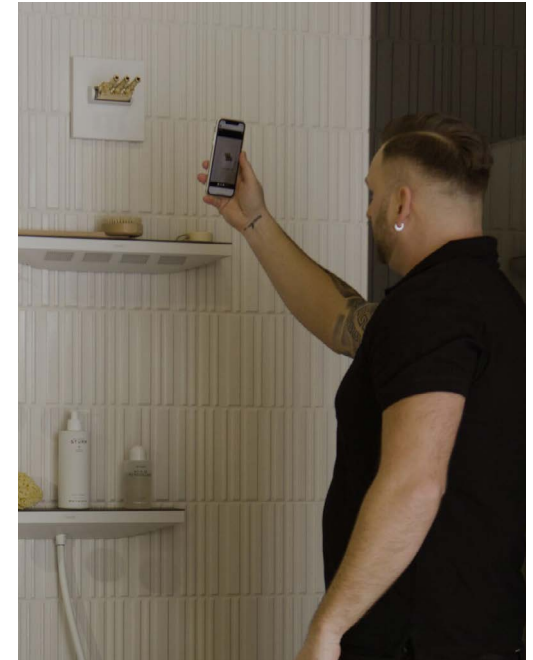
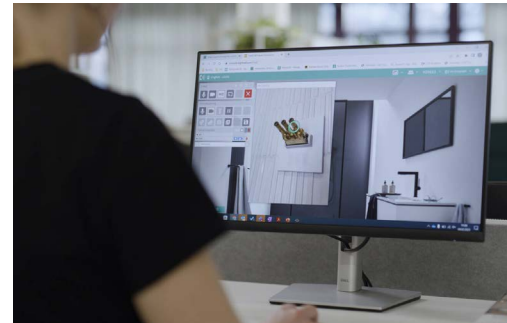
In dialog with customers

Our product quality and safety measures also include making it possible for our dealers and end customers to have as much direct contact as possible with our service department. A standardized survey gives us additional valuable information. The Net Promoter Score (NPS) acts as a key control variable. For the year under review, it was +57 on a scale of -100 to +100.

Our German sales agents team visited over 25,700 customers in 2023. We also processed nearly 282,500 (2022: 300,000) written and 176,000 phone queries (2022: 200,000). In addition to technical questions from end consumers, our experts from the technical services department also answer questions from trade specialists in the plumbing fixture sector on an expert level. After all, each rep-

resentative is a trained plumber with a master craftsman's certificate. In 2023, they responded to approximately 123,000 (2022: 115,000) phone and 21,300 written queries (2022: 20,000).

Chatbot "Hans!" has been in use since 2022. As a digital assistant, it relieved our service employees of answering more than 8,200 customer inquiries in 2023. The chatbot learns something new every time it receives unique request and can answer questions about products, show videos with cleaning instructions, help locate spare parts or help with finding a specialist partner. If it is not able to handle a customer request, the customer service employees in the office take over.



Thanks to the Hansgrohe PRO Service and video contact with the technical service center, a helpful look over the shoulder during sanitary installation is quick, easy and possible on site. Chatbot "Hans!" also helps with questions.

Reduction of packaging and plastic components

Packaging is part of our product responsibility. We intend to develop more sustainable packaging for our products as part of the circular economy. This not only protects the ecosystem, but also reduces our waste (see more in chapter 5.2, Environmental information, starting on page 68).

One of our ten initiatives (see Sustainability strategy section, starting on page 62) within the Green Company is Green Packaging. Furthermore, during shipping, delicate surfaces must be protected in product packaging for example, with a polyethylene or bubble bag. To further our sustainability initiatives, we launched our “Plastic-free packaging” project in 2021. The aim is to make our new packaging completely plastic free by the end of 2025. For this, we are working on solutions that can be fully returned to the raw material cycle after use. To protect our products, we are increasingly using bubble paper, flat paper bags, paper sleeves, and tissue paper.

The Green Company and Value Engineering divisions are responsible for re-designing the packaging. In addition to environmental considerations, such as recyclability, great attention is also paid to packaging that is standardized and modular. This also affects the optimization of our logistics for sustainability (for more information, see the “Responsible supply chain” section starting on page 100). We test alternatives through shipping simulations and tests. For example, we already switched to paper instead of plastic bubble bags to secure our product packaging within transport packaging.

They are now made from unbleached recycled fibers, with a single-ply organic film made from a compostable potato starch mixture that guarantees impermeability. A certificate confirms that the paper has been recycled. This enables us to save an average of seven tons of plastic annually. We were also able to reduce the amount of plastic waste by a further eight tons last year by using stretch plastic film, as this film is thinner.

Air bubble bags made of paper replace film in shipping packaging. They are biodegradable and fully recyclable in the paper recycling loop.



Is this what the bathroom of the future will look like?

Water is already a scarce resource, and it is becoming increasingly scarcer. It's the reason Hansgrohe developed the "Green Vision Beyond Water." What's behind it? Steffen Erath, Head of Innovation & Sustainability, takes us along into the bathroom of the future.

It feels a bit like being in a science fiction movie. A white sphere is enthroned on a narrow metal arch. There are two cylindrical objects underneath. This is the "Base" hygiene area in Hansgrohe's vision of a futuristic bathroom – with shower, sink and toilet. Further back is a round armchair with a white dome. This is the "Sphere" – the wellness area, or the bathtub, if you like. The room is decorated in earth tones and its elements are attractive, as are the consumptions already tested here: 90 percent less water, 90 percent less energy and 90 percent less carbon emissions than the current average usage in a typical bathroom in Germany.

"Rethink" instead of "reduce, reuse, recycle"

"The figures are ambitious. And they should be," says Steffen Erath. "We wanted to completely rethink a vision that drives us with the power of design. The AXOR and hansgrohe product development teams have already begun implementation. And that is important. Because according to the United Nations, by just 2030, there will be 40 percent more demand for water compared to what is available."



Hansgrohe's "Green Vision Beyond Water" is a radical reinterpretation of the bathroom. The "Base" is used for cleaning in just a few square meters with a 10-litre shower, washbasin and toilet.

“We want a vision that drives us to completely rethink with the power of design.”

STEFFEN ERATH, HEAD OF INNOVATION & SUSTAINABILITY



The bathroom as a retreat

Erath and his team worked on the project for two years with PHOENIX, spoke to zero-waste influencers and experts such as dermatologists, investigated the use of water by indigenous peoples, and conducted surveys and life cycle assessments of the bathroom. The result: “Hygiene is only a secondary aspect of the bathroom. You get clean quickly. Long, hot showers only damage the skin,” says Erath. What we are really looking for is a place for retreat and warmth, to shower off stress. He continues, “Our bathrooms often look quite cold with white tiles and chrome. That’s why we compensate for this with so much hot water.” For this reason, our bathroom of the future separates hygiene from well-being.

Ideas that first disturb and then delight

The sphere, the water tank of the shower, symbolizes 10 liters. Consumption is 1.6 liters per minute instead of the previous average of 12 to 15 liters. “Our Planet Edition shower head now has a flow rate of 6 liters per minute,” reports Erath. In the bathroom of the future, the water would also have a pH of 5.5, meaning it would be neutral to the skin. “But it will be a while before we get that far,” says Erath. “The Drinking Water Ordinance stipulates the current pH of 6.5 to 9 to prevent the pipelines from corroding.” If this were not the case, you could largely do without shampoo and shower gel. A thought that’s initially a bit disturbing. Erath laughs. “Yes, that seems radical. But the products we currently use are mainly there to make the water compatible with our skin.” The idea of a

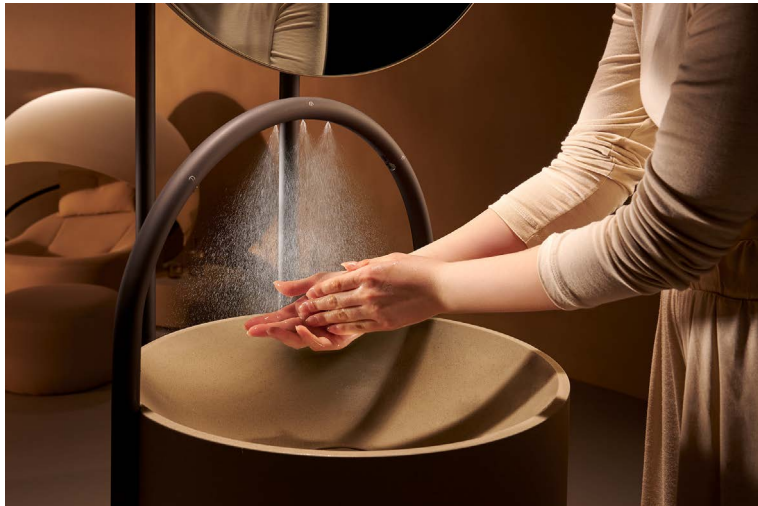


As a new retreat in the home the domed “Sphere” armchair provides mental regeneration. Showering is done with pH-neutralized and therefore skin-friendly water. By diminishing the light the shower ball indicates how long the water will last.



1.6 liters

PER MINUTE WHEN SHOWERING INSTEAD OF THE PREVIOUS AVERAGE OF 12 TO 15 LITERS



Surprising finding: In a warm design, a lower water temperature and therefore a lower volume of hot water is sufficient for many people.

BATHROOM OF THE FUTURE:

90%

LESS WATER, ENERGY AND CO₂ EMISSIONS THAN THE CURRENT AVERAGE IN GERMANY

“Closing material cycles as well as water cycles is of course also part of our concept.”

STEFFEN ERATH

composting toilet without toilet paper sounds similarly revolutionary. According to Erath, biogas can be obtained from excrement, converted into electricity and used to cook for up to two hours a day, for example. “And with a bidet solution, we would reduce huge amounts of virtual water and carbon emissions for toilet paper.” This is still playing out right now. The company’s teams are much closer to finding a solution for capturing water from the shower to flush the toilet. “Closing material and water cycles is of course also part of our concept,” says Erath. For example, chrome-plated hand-held showers are already being recycled (see the in-focus section “Inventor of a world-first” on page 13).

Planet-centric approach – not merely a sales slogan

Let’s turn our attention to the “Sphere.” You can snuggle up in the armchair. When the hood is closed, steam infused with essential oils generates warmth while varying colors of light and sound stimulate the mood and the body. “In this way, we create an almost waterless effect that is as relaxing as a long shower or a full bath,” says Erath. Pure relaxation whenever you want – without a guilty conscience. At this point, it becomes clear: The planet-centric approach is really brought to life and thought through at Hansgrohe. What the bathroom of the future will ultimately look like, especially for the masses, remains to be seen. But the vision behind it is exactly what is urgently needed for the future: as little water, energy consumption and emissions as possible in the bathroom.

www.hansgrohe-group.com/de/stories/green-vision

OUR VALUES AND STRATEGY

4



Corporate strategy: Growing through sustainability

Working towards a sustainable future – that’s our business. Hansgrohe is making a commitment to the green transformation with sustainable corporate governance based on steadfast, forward-looking values.

Hansgrohe’s enterprising success is based on future-oriented, responsible corporate governance. When we talk about value creation – one of our main topics (see page 65) – we are not only referring to economic processes and financial returns, but also to the creation of value for all of us: for our shareholders, employees, and customers, as well as for the environment and society. From currency, raw materials, energy and expertise, we create satisfaction and optimism for both internal and external stakeholders.

We are aware of the social and environmental impacts of our business activities. To reduce negative impacts and strengthen the positive ones, we comply with the stipulations of international agreements and laws in all the locations in which we operate or sell products. We want to align the company with long-term, profitable growth to become more resistant to temporary challenges, such as economic downturns or reduced availability of resources or skilled workers.

In this sense, we monitor value creation according to a series of principles, policies, management systems and control mechanisms. They range from the Corporate Policy adopted at the end of 2021, compliance guidelines and identity-building documents regarding our purpose, vision and mission to our CSR Principles (see page 63). Through our corporate strategy, we are working towards the UN’s Sustainable Development Goal SDG 8 (decent work and economic growth). We are pursuing additional SDGs as part of our sustainability strategy (read more starting on page 62).

Corporate Policy: Trust through quality

Our Corporate Policy emphasizes the importance of high quality standards in research, development and production. Our objective is to create worldwide trust in our brands and our customer orientation. The satisfaction of our customers (both people and companies) and partners is our top priority, which is why we strive for excellence in customer service and distribution logistics. Whenever possible, we want to exceed the expectations of our customers.

The members of the Executive Board of the Hansgrohe Group: André Wehrhahn, Christophe Gourlan, Hans Jürgen Kalmbach (Chairman of the Executive Board), Frank Semling (Deputy Chairman) and Sandra Richter (from left).



Our success is based on a profitable, sustainability-oriented corporate trajectory. Our work – both within the company and in collaboration with suppliers and other business partners – is based on a quality promise that includes sustainability, trust and transparency. With consistent process orientation and our commitment to avoiding errors, we want to increase our operational efficiency and optimize our management systems. With consistent sustainability management, we also aim to position ourselves as an entity that acts responsibly while minimizing sustainability-related risks and generating opportunities in the process. In this way, we embed sustainability as a key factor of our corporate strategy.

Value-based positioning in the market

We aim to lead the market when it comes to sustainability and competing for talent. Our values – passion, trust, teamwork and appreciation – shape our management practices and guide us towards these goals.

Our supportive environment aims to encourage the creativity and passion that enables our employees to shape the present and future of our company – for sustainable, constant growth.

Orientation through our purpose, vision and mission

Our purpose, vision and mission foster identity, solidarity and orientation. Our purpose describes what we as a company aspire to: What does Hansgrohe as a company stand for beyond generating a profit? Our vision describes the company's future, creating a source of inspiration for our employees. And our mission establishes our long-term goal. It describes the path we must take to reach our vision. For Hansgrohe, this means:

For Hansgrohe, this means:

PURPOSE – Water is life and our passion. We create inspiring moments with water while protecting this valuable element.

VISION – We want to be number one. This is why we set the standards for tomorrow in everything we do.

MISSION – We inspire customers with our innovation, design, quality and sustainability. We take responsibility for humankind and the environment. We are the best employer in the region and in our sector. We generate profitable growth as an industry leader.

2023 sustainability awards

In 2023, we once again earned awards for our efforts to better integrate sustainability into our corporate strategy. Particularly noteworthy here is the German Sustainability Award 2024 in the Sanitary Technology category. We received the German Innovation Award for the Green Vision and earned third place in the Baden-Württemberg Environmental Technology Award for the plastics recycling plant at the Offenburg site.

We also took second place in the Sustainability Impact Awards. Our Pulsify Planet Edition hand-held shower also received the German Federal Ecodesign Award. Additionally, we won the Handelsblatt Global Transition Award with our climate protection strategy. Furthermore, we were nominated for the Sustainability Heroes Award and the Plastic Recycling Award Europe. The business journal WirtschaftsWoche ranked Hansgrohe SE fourteenth among 4,000 companies throughout Germany for its "2023 ESG Pioneers" awards.



In the "Energy, water – sanitary technology" category, our company's sustainable commitment won over the expert jury of the German Sustainability Award 2024.



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Our value-driven corporate strategy provides management and all employees with guidance on how we work at Hansgrohe. We want growth and innovation – like all companies – but we want to achieve them in an environmentally and socially responsible way.

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CHRISTOPHE GOURLAN,
CHIEF SALES OFFICER



MANAGEMENT REPORT

5



5.0

MANAGEMENT REPORT
SECTIONS A-E

A. Foundations of the company

Corporate structure

With its brands AXOR and hansgrohe, the Hansgrohe Group, based in Schiltach, Baden-Württemberg, is a leading company in the bathroom and kitchen industry in terms of innovation, design and quality. With its faucets, showers and shower systems, the company, which was founded in the Black Forest in 1901, gives water both form and function. In combination with sanitary ceramics and bathroom furniture, the traditional company offers individual design options from a single source for holistic bathroom experiences. Unique inventions such as the first hand-held shower with different spray modes, the first pull-out kitchen faucet and even the first shower rail are milestones in the company's more than 120-year history. The company holds more than 20,000 active property rights.

The Hansgrohe Group stands for durable, quality products and responsibility toward people and the environment. The sustainable manufacture of resource-conserving products is firmly anchored in our corporate activities all around the world. By developing innovative technologies for faucets and showers, Hansgrohe protects water as a resource and limits and adapts to climate change to the maximum extent possible during the use of its products. As part of its comprehensive sustainability strategy, the Group aims to equip all plumbing fixtures with water-saving technologies by 2030 through its ECO 2030 initiative.

With 35 companies, 21 sales offices and distribution in 152 countries, the international sanitation industry company is a reliable partner for its customers in all regions of the world. The Hansgrohe Group and its brands and products have received numerous awards, including over 700 design awards since 1974. The products of the Hansgrohe Group are present worldwide, on renowned cruise ships, in luxurious 5-star and boutique hotels in major international cities, in extraordinary spas, in high-class restrooms in lodges and luxury villas, in public facilities and in countless homes.

The Hansgrohe Group guarantees quality through production at eight of its own production sites, of which four are in Germany and one each are in France, Serbia, the United States and China.

Research and development

The market and political situation in Germany and the European Union (EU) and the significant economic slowdown in Asia (specifically, China) caused increased decline in sales over the course of the year. As such, the number of ongoing product development projects was adjusted in associated areas of research and development. System-critical activities, such as in the area of product and material compliance (international approvals), remained unchanged.

As planned, the employees of our R&D department in China were relocated to the newly designed InnovationParc in Shanghai in the middle of the year.

The most important new products and product ranges launched under the hansgrohe brand in 2023 include the enhanced iBox Universal 2 concealed installation, the new Tecturis E+S faucet category, the expansion and completion of the Pulsify E+S product ranges and various new ceramic ranges (sinks and toilets) in Europe and China. A new furniture and mirror range was also introduced. Additional versions of RainDrain were also launched in the drain sector.

Various existing product ranges were launched on the market in new finishes. Introduced as well, with the aim of expanding the product range of the AXOR brand, were the AXOR ShowerComposition shower range, the AXOR Drain drainage channels and the new AXOR Suite range (sinks and bathtubs).

The entire Research and Development department currently employs 199 (previous year: 201). This applies to Hansgrohe SE. There are 209 employees across the Group.

Relocation of the Spray Research department to a new area within headquarter in Schiltach was completed at the end of the year as planned. The HG Labs Materials department was integrated into the HG Labs Performance department at the beginning of 2023.

Furthermore, as part of the strategic initiative Improve for Investment (i4i), Product Development continued to have great success with various value analysis projects in 2023 by redesigning existing series products in the form of material substitution, the use of new technologies, the simplification of assemblies and the use of new platform strategies.

B. Economic Report

Economic environment

The global economy grew by 2.9 percent in 2023. It thus proved surprisingly resilient despite tighter financial conditions, geopolitical tensions, weak trade and reduced business and consumer confidence. There were also signs of increasing divergence between countries. Growth slowed in many advanced economies, particularly in Europe. The importance of bank financing was relatively high there, and the pressure on bank accounts due to higher energy costs was particularly strong. Increasingly tighter financial conditions put pressure on areas sensitive to expenditure worldwide. Despite the decline in real incomes over the past two years, overall household consumption in advanced economies held up better than expected. Spending was supported by tight labor markets, with job growth remaining strong enough to keep unemployment near historic lows in many countries. Inflation also fell in almost all economies, which reduced the pressure on household budgets. However, core inflation remained comparatively high.²

The People's Republic of China recorded economic growth of 5.2 percent in 2023. Since the economy reopened at the beginning of the year, growth has been volatile due to ongoing burdens in the real estate sector, but it stabilized over the course of the year. This was supported by the implementation of numerous political measures to promote economic activity. The unemployment rate fell by 0.2 percentage points year-on-year to 5.3 percent. Net exports showed a decline of 0.7 percent.³

The US recorded a 2.4 percent increase in gross domestic product in 2023. Private consumption growth (+2.2 percent) weakened due to tighter monetary and fiscal policy conditions but was supported by a persistently low personal saving rate (4.4 percent). The unemployment rate was 3.6 percent, the same level as the previous year – a historic low. Growth of 2.6 percent was observed in public spending. Net exports showed an increase of 0.5 percent.⁴

¹ Real GDP.

² Source: OECD Economic Outlook, Volume 2023 Issue 2, pp.10–13.

³ Source: OECD Economic Outlook, Volume 2023 Issue 2, p.13, pp.86–89; IMF World Economic Outlook, October 2023: Navigating Global Divergences, p.41.

⁴ Source: OECD Economic Outlook, Volume 2023 Issue 2, p.13, pp. 215–218.

In the eurozone, economic output slowed to 0.6 percent in 2023, which is partly due to a 3.6 percentage point drop in private consumption to 0.6 percent and a mere 0.1 percent increase in public spending. At 7.5 percent, the personal saving rate was the same as in the previous year. The unemployment rate fell by 0.2 percentage points year-on-year to 6.5 percent. Net exports showed a slight increase of 0.2 percent.⁵

Germany recorded a 0.1 percent decline in economic output in 2023. The German economy was slow to recover from the negative effects of the energy price shock, tightening of fiscal policy and the global economic slowdown. There was a decline in both private consumption (-0.7 percent) and public spending (-2.5 percent). Due to strong nominal wage growth and falling inflation, the personal saving rate increased by 0.2 percentage points to 11.7 percent. The labor market remained tight despite the economic weakness. Demand for labor remained high in view of the shortage of skilled workers and the general labor shortage, which was accompanied by a slightly improved unemployment rate of 3.0 percent. Net exports showed a slight increase of 0.3 percent.⁶

At 0.9 percent, gross domestic product in France rose faster than the eurozone average in 2023. Despite historically high employment rates (unemployment rate of 7.2 percent) and large accumulated savings (personal saving rate of 17.3 percent), unfavorable financing conditions due to tighter fiscal policy dampened private consumption growth by 1.5 percentage points to 0.8 percent. Public spending increased by 0.6 percent, which is 2.2 percentage points less than the prior figure. Net exports showed a slight increase of 0.3 percent.⁷

The United Kingdom's gross domestic product grew by 0.5 percent in 2023. The 0.4 percent fall in public spending and the private consumption growth of 0.5 percent, down 4.7 percentage points, contributed to this. The improvement in household income was reflected in the 0.7 percentage point increase in the personal saving rate to 8.8 percent. The unemployment rate increased by 0.6 percentage points to 4.3 percent. A slight increase of 0.3 percent was observed in net exports.⁸

⁵ Source: OECD Economic Outlook, Volume 2023 Issue 2, pp. 108–111.

⁶ Source: OECD Economic Outlook, Volume 2023 Issue 2, pp. 119–122.

⁷ Source: OECD Economic Outlook, Volume 2023 Issue 2, pp. 115–118.

⁸ Source: OECD Economic Outlook, Volume 2023 Issue 2, pp. 211–214.

Business performance

The key financial performance indicators for managing the Hansgrohe Group and Hansgrohe SE are incoming orders, sales and EBIT.

Hansgrohe Group:

In 2023, Hansgrohe Group sales fell to EUR 1,405.9 million in the economic environment described above (2022: EUR 1,550.2 million). This corresponds to a decline of 9.3 percent. Adjusted for currency effects, the Hansgrohe Group was 6.2 percent down from the previous year. With this sharp decline, sales development was below the previous year's forecast. Domestic sales decreased by 14.9 percent, and sales abroad fell by 7.5 percent in the past fiscal year. Adjusted for currency effects, the decline in foreign business was 3.4 percent. The sharp decline in sales was primarily attributable to the markets in China and Germany.

The share of foreign sales rose to 76.5 percent (2022: 75.0 percent).

At EUR 1,224.0 million (2022: EUR 1,357.7 million), the hansgrohe brand was able to achieve the second-best sales figure in the company's history. The largest decline was recorded in the shower systems category, but the shower and faucet categories also declined in the past fiscal year. The decline was mitigated by the high demand for special finishes.

The AXOR brand ended the fiscal year below the previous year's level (5.3 percent). Almost all collections contributed to the decline. The decline was reduced due to the high demand for special finishes.

Hansgrohe SE:

At EUR 1,063.1 million, net sales at Hansgrohe SE in the past fiscal year were significantly below the previous year's level (2022: EUR 1,184.3 million). This corresponds to a decrease of 10.2 percent compared with the previous year. This sharp fall in sales was below the previous year's forecast.

In view of the economic development described at the beginning, the business performance of both the Hansgrohe Group and Hansgrohe SE in 2023 was nevertheless satisfactory.

Turnover at the Hansgrohe Group*

(in millions of euros, rounded)	2021	2022	2023
	1,377	1,550	1,406

Hansgrohe Group operating result*

(in thousands of euros, rounded)	2021	2022	2023
	239.557	246.814	201.717

* according to German Commercial Code, as of 31.12.

Balance Sheet Hansgrohe Group

(in thousands of euros, rounded, according to German Commercial Code, as of 31.12.)

ASSETS	2021	2022	2023
FIXED ASSETS	260,357	294,823	311,898
Intangible Assets	53,992	50,866	41,202
Tangible Assets	206,230	243,865	270,625
Financial Assets	135	92	71
CURRENT ASSETS	749,552	681,738	585,286
Inventories	219,062	232,676	199,004
Accounts receivable and other assets	194,014	241,713	213,490
Checks, cash on hand and in banks	336,477	207,350	172,791
DEFERRED CHARGES AND PREPAID EXPENSES	6,292	8,921	6,925
DEFERRED TAXES	4,407	5,975	3,541
DEBIT DUE TO NETTING OF ASSETS ASSIGNED TO ACCRUALS	0	0	3
Total Assets	1,020,608	991,456	907,653

PASSIVA	2021	2022	2023
STOCKHOLDER'S EQUITY	569,809	520,391	509,866
Subscribed capital	61,156	61,156	61,156
Capital reserve	11,735	11,735	11,735
Revenue reserve	280,868	291,231	295,512
Equity capital difference from currency conversion	965	2,153	-8,020
Group net income	209,287	147,695	144,529
Non-controlling interests	5,799	6,422	4,954
ACCRUED LIABILITIES	207,947	226,824	195,081
LIABILITIES	242,738	243,489	197,910
DEFERRED ITEMS	113	752	4,795
Total Liabilities	1,020,608	991,456	907,653

Incoming orders

Incoming orders in the Hansgrohe Group amounted to EUR 1,324.6 million in 2023. This corresponds to a decrease of 15.8 percent compared with the previous year. Incoming orders were thus well below the previous year's forecast. Almost all regions contributed to the decline in incoming orders.

Hansgrohe SE:

As a key production unit, the negative trajectory of incoming orders at the Hansgrohe Group was also reflected at Hansgrohe SE. Hansgrohe SE's incoming orders fell by 10.5 percent in the past fiscal year.

Earnings

Hansgrohe Group:

The Hansgrohe Group was able to compensate for the sales-related decline in earnings with targeted cost savings. At EUR 256.8 million, EBITDA was 13.3 percent below the previous year (previous year: EUR 296.0 million). EBIT fell by 18.3 percent to EUR 201.7 million (previous year: EUR 246.8 million) and was thus well below budget expectations.

The Hansgrohe Group's annual net profit for 2023 after deduction of minority interests amounted to EUR 148.8 million (2022: EUR 158.1 million). The reduction is primarily due to the decline in sales and the increase in personnel expenses.

The material cost ratio fell (-4.1 percent). This is mainly because the cost of raw materials, consumables and supplies included in the material cost ratio declined.

The Hansgrohe Group continues to focus on systematic efficiency improvements. In 2023, the Group was thus able to achieve a total EBIT improvement of EUR 32.2 million.

Personnel expenditure is above the previous year's level (+2.0 percent).

Due to the currency fluctuations in 2023, other operating income included EUR 10.3 million in exchange rate gains. These were offset by exchange rate losses of EUR 13.9 million in other operating expenses.

The Hansgrohe Group's financial result increased to EUR 4.6 million in 2023 compared with EUR -18.2 million in 2022. This mainly includes interest expenses for pension provisions netted against investment income from the CTA investment. The net income from plan assets and interest expenses for pensions amounted to EUR 6.9 million. This contrasts with EUR -18.1 million from 2022.

Hansgrohe SE:

EBITDA at Hansgrohe SE amounted to EUR 148.9 million after EUR 191.3 million in the previous year. At EUR 106.8 million, EBIT was down from the previous year (previous year: EUR 154.1 million) but remained high. Hansgrohe SE's annual net profit fell to EUR 144.5 million (previous year: EUR 147.7 million). The reduction is primarily due to the decline in sales and the increase in personnel expenditure with lower taxes.

The cost of materials fell to EUR 525.6 million (previous year: EUR 624.8 million). However, the margin improved. This is primarily due to the lower expenses for raw materials, consumables and supplies and the sharp decline in sales. The material cost ratio fell (-2.9 percent).

Personnel expenditure was considerably higher than the previous year's level (+4.8 percent). The increase is mainly due to the 5.2 percent increase in the IG Metall collective agreement that started June 1, 2023.

Other operating expenses fell from EUR 164.8 million to EUR 160.6 million. This is mainly due to the decrease in other overhead costs.

Financial position

Hansgrohe Group:

Taking into account the planned dividend payment of EUR 144.5 million, the Group's equity ratio rose to 47.9 percent in the past year (2022: 44.2 percent). The return on equity after taxes fell to 40.7 percent (2022: 42.4 percent).

Liquid assets amounted to EUR 172.8 million (previous year: EUR 207.3 million), while cash flow from operating activities amounted to EUR 192.0 million. The Hansgrohe Group is therefore in a position to meet its financial obligations.

Hansgrohe SE:

At Hansgrohe SE, the equity ratio rose to 36.7 percent from 33.2 percent in the previous year. The reason for the increase is that the balance sheet total decreased due to the lower cash balance and the lower liabilities and provisions, while equity remained at a similar level to the previous year. Liquid assets amounted to EUR 38.0 million (previous year: EUR 74.5 million), meaning that Hansgrohe SE is in a position to meet its financial obligations. The company finances itself within the Group via cash pooling. Since May 1, 2008, the company has been integrated into a cash pool managed by Hansgrohe SE.

Asset situation

Hansgrohe Group:

At EUR 311.9 million, fixed assets in the Hansgrohe Group have increased compared with the previous year (2022: EUR 294.8 million). The value of inventories fell to EUR 199.0 million (2022: EUR 232.7 million). Trade receivables decreased from EUR 215.7 million to EUR 189.7 million. Receivables management was characterized by the consistent and SAP-supported use of credit limits.

Other provisions in the Group amounting to EUR 124.1 million (2022: EUR 143.7 million) consisted primarily of customer bonuses, vacation entitlements/flexitime and other wage and salary components, warranty obligations and supplier invoices.

The Hansgrohe Group's liabilities to banks remained low. They amounted to EUR 1,000 at the end of the year (2022: EUR 2,000). The Group's trade payables fell to EUR 131.5 million compared with EUR 146.7 million in the previous year.

Hansgrohe SE:

At Hansgrohe SE, fixed assets fell to EUR 247.9 million (2022: EUR 256.9 million). The value of inventories fell to EUR 121.9 million (2022: EUR 144.4 million). Trade receivables decreased from EUR 43.2 million to EUR 35.4 million. The pension provisions netted with the CTA assets fell from EUR 64.0 million to EUR 62.0 million. Other provisions fell from EUR 49.6 million in 2022 to EUR 45.4 million in 2023.

Hansgrohe SE's liabilities to banks remained low. They amounted to EUR 0 at the end of the year (2022: EUR 0).

Trade payables fell from EUR 113.5 million to EUR 101.2 million.

Investments

The largest investments went into the new production site in Serbia. Other major areas of investment were in tools for new products, machinery, equipment and IT and digital needs.

Hansgrohe Group:

Investments in the Hansgrohe Group's fixed assets in 2023, including leasing, amounted to EUR 81.6 million and were therefore EUR 7.6 million below the previous year's figure (previous year: EUR 89.2 million). Depreciation and amortization in the Hansgrohe Group amounted to EUR 55.0 million in 2023 (2022: EUR 49.2 million).

Hansgrohe SE:

EUR 34.1 million was invested in Hansgrohe SE (2022: EUR 51.9 million), of which EUR 1.8 million was invested in leasing projects (2022: EUR 2.8 million). Hansgrohe SE recognized depreciation and amortization in the amount of EUR 42.2 million (2022: EUR 37.2 million).

Employees

As of December 31, the five German companies employed a total of 3,310 (based on December 31, 2023 headcount), of which 3,120 were employed at Hansgrohe SE. In addition, there were 40 employees who worked in the internationally affiliated regional offices and 69 employees who worked for the two subsidiaries of Easy Sanitary Solutions B.V. in Germany.

The Hansgrohe Group employed 5,448 worldwide on the reporting date.

As in the previous year, staff turnover remained low at 2.5 percent (as of December 31, 2023, at the German sites, except ESS B.V. in Germany)

Temporary staff, which ranged between 121 and 205 employees worldwide in 2023, provided the necessary flexibility in the past year. Of these, between 5 and 41 temporary staff were employed at the German companies.

More information on the workforce of the Hansgrohe Group can be found in section 5.3 of this Management Report.

Disclosures on corporate governance pursuant to Section 289f (4) of the German Commercial Code

Hansgrohe continues to aim to fill vacant positions at the managerial level with those best suited to fulfill the respective tasks and obligations. However, Hansgrohe also believes that increased gender diversity is beneficial for the culture and decision-making processes at management level. Based on the German act on equal participation of women and men in leadership positions in the private and public sector (women's quota act), the Executive Board agreed at its meeting on October 24, 2022 on a quota of 25 percent for women in the third management level and 15 percent in the second management level. This target has applied since July 1, 2022 and is to be achieved within five years from this date. This objective is supplemented by a Supervisory Board Resolution dated October 28, 2022, which sets a target of 20 percent for the participation of women on the Executive Board. This target has been effective since July 1, 2022 and must be achieved within five years from this date. Last fiscal year, the proportion of women on the Executive Board was 20 percent, in the second management level 19.4 percent and in the third management level 29.1 percent. In addition, a Supervisory Board Resolution dated October 28, 2022 set a target for the participation of women on the Supervisory Board of one sixth, which is to be achieved within five years. Last fiscal year, the proportion of women was still 0 percent.

Procurement

Rising commodity prices in the fourth quarter of 2022 peaked in January 2023. Copper was quoted at USD 9,436/mt and zinc at USD 3,509/mt in cash settlement on the London Metal Exchange (LME), the highest levels for the year. Thanks to a good hedging strategy, the Hansgrohe Group was already able to conclude advantageous supplier contracts in July and October 2022. This meant that the price peaks in January were largely avoided. In the second quarter of 2023, metal prices then fell to a temporary low of USD 7,910/mt for copper and USD 2,224/mt for zinc. Due to the significant decline in incoming orders and the resulting much lower consumption, the ranges of some contracts were extended favorably. This meant that follow-up contracts could be postponed until the summer. Due to the difficult economic situation and great uncertainty regarding the development of metal prices, the only delivery contracts concluded in the second half of the year were relatively small. Metal prices largely moved laterally during this period.

Like 2022, 2023 was also shaped by the conflict in Eastern Europe. The associated threat of supply bottlenecks for electricity and gas was almost completely avoided by measures such as the purchase of additional heating oil tanks and the conversion of systems to gas and oil operation. In addition, Purchasing succeeded in significantly reducing energy costs for its own business division again during the year. Concessions due to increased energy costs at our European suppliers were mainly negotiated in the form of temporary surcharges in 2022. This enabled the Purchasing department to reduce even these costs to almost pre-war levels over the course of the year.

The impacts of the coronavirus pandemic on the supply chain continued to normalize in 2023. Container availability and ship transit times from China to Europe were no longer a problem in 2023. Container freight costs fell back to around the pre-pandemic levels.

As part of Challenge X, the continuation of our organizational development, Purchasing was restructured as of April 1, 2023 to prepare for the challenges of the future and for anticipated purchasing volume growth to one billion euros. The new structure now has three technical areas of responsibility: Production Material (PM) for the purchase of components and supply to the plants, Purchased Finished Goods (PFG) for purchased products (including sinks and bathroom furniture) and Non-Production Material (NPM) for the purchase of energy, production infrastructure, marketing services and more.

While the focus in previous years was on supplying our plants due to the pandemic and growth, this year, Purchasing concentrated in particular on cost management. By negotiating with more than 100 suppliers, Purchasing was able to contribute significantly to the company's earnings in 2023.

As part of sustainability-oriented supply chain management, risk management was further developed and digitalized in 2023. The supply chain now has a dashboard for identifying, evaluating and mitigating risks via countermeasures. Software services monitor global supply chains and generate credit reports with credit scores and ratings. In addition, suppliers with a high sales relevance for Hansgrohe must now create Business Continuity Planning and Cyber Risk Assessment presentations.

Another focus was on implementing the requirements of the Supply Chain Due Diligence Act (LkSG), which entered into force on January 1, 2023. The Act obligates companies above a certain size to comply with the obligations set out in sections 3 to 10 of the Act regarding “human rights and environmental due diligence in an appropriate manner with the aim of preventing or minimizing risk to human rights or the environment or ending the violation of human rights or environmental obligations” (Section 3(1)(1) LkSG).

The digitalization of the company continued to be systematically advanced in 2023. The focus was on preparing for the S/4HANA migration, which is scheduled for Easter 2025. In addition, the first activities toward implementing a new SRM solution have begun. Following initial market research, discussions were held with potential providers to examine the process coverage in detail. This is all in preparation for the final decision on the new SRM tool, the implementation of which is scheduled to start in the second half of 2024 with the first sub-projects.

Another strategic project is WANA, the continued development of our system-supported cost analysis and simulation program. In the future, WANA will enable us to make transparent the trajectory of individual cost drivers in the price index. Targeted cost structure analyses enable Purchasing to identify developments at an early stage and take appropriate countermeasures to generate the optimal costs for Hansgrohe in conjunction with the Best-Cost Country approach.

For more information on supply chain management in the Hansgrohe Group, particularly with regard to sustainability, please refer to section 5.4. of this Management Report.

Global production & quality management

Production

Over the first eight months of the year, the global production network was characterized by a noticeable slowdown in demand. This development had a noticeable impact on all production sites, but our plant in Songjiang was particularly affected. The low volume of work required a corresponding adjustment of personnel and organizational structures across all plants, but particularly at our plants in Shanghai and Germany. A large portfolio of personnel measures was utilized in this context while also ensuring that there would still be enough qualified staff available again upon recovery of the economy.

Despite these challenges, there were also positive developments. Of these, the commissioning of the new plant in Valjevo, Serbia, in June 2023 is particularly noteworthy. It started with the production of brass base sets, and since November, the handles have been manufactured using zinc die casting. For the first time in Hansgrohe’s history, we are manufacturing our own components from zinc. Production is now being expanded and developed step by step. The plant in Valjevo is part of our long-term localization and stabilization strategy to make our production network more robust and less dependent on global influences.

Another component of our localization strategy is increasing the autonomy and stability of our plant in China. A major initiative this year was building up capability in Songjiang. To become more independent from headquarters overall, key competencies were further developed in a targeted manner. This initiative increased the localization rate in the faucet segment alone by 8 percent in 2023 and significantly reduced the cost of localized products.

The high degree of the employees' flexibility at all locations should be emphasized. The response to changing demand and adjustment of working hours (e.g., through the use of overtime credit) was once again exemplary.

Investments were also balanced across all production departments in 2023. The focuses were on expanding the product range (new products), promoting stable growth and implementing the strategy to better support the local and regional area.

In summary, the 2023 fiscal year was characterized not only by significant challenges, but also by important strategic decisions and successes. Adapting the global production network to the constantly changing demand while simultaneously focusing on the future was and remains crucial to ensuring the company's long-term competitiveness and growth.

Improve for Investment (i4i)

The i4i program remains an integral part of our corporate activities. The direct contribution to earnings increased significantly compared with the previous year. Manufacturing costs were reduced in particular by optimizing material and production costs, which accounted for more than 70 percent of i4i's direct contribution. Great potential was leveraged in freight in 2023. In total, the reduction in manufacturing costs and logistics costs accounted for more than 95 percent of the overall result. All departments are part of the i4i program. Process improvements and lean activities in all departments and subsidiaries make a major contribution to earnings and create efficiency.

Corporate responsibility and sustainability

The last monitoring audit in the three-year cycle of the Hansgrohe management system was completed in January 2023. In October 2023, the cyclical recertification took place, and the auditors from our certification company confirmed the effectiveness of our management system. In addition, measures were derived to improve and further develop the management system. These measures were reviewed by our lead auditor in November 2023 as part of a document review. The first projects to implement the EU taxonomy and the Corporate Sustainability Reporting Directive (CSRD), which will apply to Hansgrohe starting in the 2025 fiscal year, were also initiated in 2023.



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Now more than ever, efficiency is the order of the day. Cost-cutting at any price is not the right approach in the current situation. Instead, we need to steer investments in such a way so that they flow into areas that will be viable – that is, sustainable – in the future.

“

ANDRÉ WEHRHAHN,
CHIEF FINANCIAL OFFICER

C. Forecast Report / Outlook

In the following, we describe the expected development of the Hansgrohe Group and Hansgrohe SE as well as the general business conditions. In the risk and opportunity report, we present the risks and opportunities that could lead to a deviation from the developments that were forecast.

Global economic development

Global economic output is forecast to grow by 2.7 percent¹ in 2024. This marks the lowest annual growth rate since the global financial crisis, excluding the first year of the pandemic. A growing divergence between economies is likely to persist in the short term. Growth in emerging markets is generally likely to be more resilient than in industrialized countries. Compared with North America and the major Asian economies, growth in Europe will be more subdued. Heightened geopolitical tensions, such as the conflict in the Middle East, are a significant short-term concern, which will be particularly true if this conflict escalates. This could lead to considerable unrest within the energy markets and major trade routes and to additional risk-based price adjustments on the financial markets, which in turn could slow down growth and increase inflation. In addition, increasing trade restrictions, policies geared toward the domestic market and the restructuring of global value chains are contributing to an uncertain outlook for global trade. The annual rate of consumer price inflation in the G20 countries is expected to gradually decrease in 2024 due to easing pressure on costs. It is expected to fall from 6.2 percent to 5.8 percent.²

Economic growth of 4.7 percent is forecast for the People's Republic of China in 2024. Consumer growth will remain subdued due to increased savings behavior, gloomy prospects for job creation and increased uncertainty. The ongoing recovery of the real estate sector will continue to put pressure on residential investment and the associated consumption. At 5.2 percent, the unemployment rate will be slightly below the previous year's level (0.1 percentage points). A slight increase of 0.2 percent is forecast for net exports.³

In the US, economic growth will slow compared with the previous year and is expected to be 1.5 percent in 2024. Due to tighter financial policy and conditions, private consumption is forecast to grow by 1.5 percent and public spending by 0.8 percent. Employment growth will continue to decline as a result of weaker demand. This will be accompanied by a 0.5 percentage point increase in the unemployment rate to 4.1 percent. The personal saving rate is expected to reach 3.5 percent. A slight decline of -0.1 percent is forecast for net exports.⁴

Economic output in the eurozone is expected to grow by 0.9 percent in 2024. Private consumption growth (+1.1 percent) is being supported by tight labor markets and rising real incomes, as inflation is falling. Expected to rise are the unemployment rate to 6.6 percent and the personal saving rate by 0.4 percentage points to 7.9 percent. A slight decline of -0.1 percent is forecast for net exports. Public spending is forecast to increase by 0.8 percent.⁵

In Germany, the forecast for 2024 predicts a slight increase in gross domestic product of 0.6 percent, following a slight decline last year. This recovery is being led by private consumption growth of 0.6 percent thanks to falling inflation and rising nominal wages. An increase of 0.5 percent is forecast for public spending. At the same time, the personal saving rate will rise slightly, with 12.1 percent being predicted. The unemployment rate is forecast to remain at the previous year's level of 3.0 percent. A slight decline of 0.2 percent is forecast for net exports.⁶

¹ Real GDP.

² Source: OECD Economic Outlook, Volume 2023 Issue 2, pp.10–13.

³ Source: OECD Economic Outlook, Volume 2023 Issue 2, p.13, pp.86–89; IMF World Economic Outlook, October 2023: Navigating Global Divergences, p.41.

⁴ Source: OECD Economic Outlook, Volume 2023 Issue 2, p.13, pp.215–218.

⁵ Source: OECD Economic Outlook, Volume 2023 Issue 2, pp.108–111.

⁶ Source: OECD Economic Outlook, Volume 2023 Issue 2, pp.119–122.

Economic growth in France is expected to amount to 0.8 percent in 2024. Inflation is expected to reach 2.7 percent. This will result in multiple effects, including an increase in private consumption growth of 0.6 percentage points to 1.4 percent. The personal saving rate is expected to rise by 0.1 percentage points to 17.4 percent. Public spending is forecast to grow by 1.0 percent. Net exports are expected to fall by 0.2 percent. Despite a slight increase in the unemployment rate of 0.2 percentage points to 7.4 percent, the labor market will remain quite tight, which will continue to drive wage growth.⁷

Economic output in the United Kingdom is expected to increase by 0.7 percent in 2024. Boosted by easing price pressure, private consumption growth (+1.4 percent) will replace unchanged public spending as the main driver of growth. At the same time, the personal saving rate will rise by 0.6 percentage points to 9.4 percent. Unemployment is likely to rise by 0.4 percentage points to 4.7 percent due to weaker demand. No significant change is expected for net exports.⁸

Development of commodity prices and currencies

After central banks fought against inflation with aggressive interest rate hikes in 2022, the end of key interest rate hikes followed in most economic areas in 2023. The question now is how quickly and to what extent key interest rates can be lowered again in 2024. Ultimately, this will also determine how the commodity and currency markets develop, although these will continue to be influenced by political and geopolitical risks. The constant crisis mode of recent years should nevertheless come to an end, and 2024 should be characterized by normalization in the sense that the financial market will once again be based more on the economy and less on inflation and interest rates.

The foreign exchange markets were in line with effects of the financial policy decisions of the central banks in 2023. USD traded between 1.045 and 1.128 against the euro. This pattern is likely to continue in the first half of 2024, with no significant change in direction expected for the time being.

The price of copper per metric ton peaked at USD 9,435 in January of last fiscal year but fell to USD 7,812 in October. By the end of the year, the price had stabilized at around USD 8,300. The market is waiting for economic stimulus from China, the world's largest consumer of copper. The global megatrend of electromobility and the energy transition will lead to further demand for copper, which is expected to result in excess demand. It is still uncertain whether this trend will begin in 2024.

Investment planning

Production started at the new plant in Serbia in 2023. Additional capital expenditure will be put toward completing the plant in 2024. Tooling for new products represents another investment priority. The machinery and systems will have various automation upgrades. Digitalization is also being driven forward with investments in information technology.

Outlook

Due to geopolitical uncertainties and higher inflation, a moderate decline in sales and incoming orders and a slight decline in earnings (EBIT) are expected for 2024. There will be an increased focus on measures to increase efficiency in 2024. The Hansgrohe Group therefore considers itself well prepared to maintain profitable and sustainable earnings in the coming fiscal year.

The outlook for Hansgrohe SE, the main production and control unit, is derived from the forecast of the Hansgrohe Group, which is responsible for planning measures to increase efficiency. Hansgrohe SE is planning for a slight decline in sales and incoming orders as well as strong earnings growth (EBIT) in 2024.

⁷ Source: OECD Economic Outlook, Volume 2023 Issue 2, pp. 115–118.

⁸ Source: OECD Economic Outlook, Volume 2023 Issue 2, pp. 211–214.

D. Opportunities and risks of future development

Risk management

The Hansgrohe Group is exposed to a variety of risks that are inextricably linked to its global position and the associated international activities. The systematic risk management process at the Hansgrohe Group includes handling risks at an early stage, enabling potential opportunities to be identified and exploited. For Hansgrohe, when future events or developments can lead to a deviation from the plan or the failure to meet targets, this is defined as a risk.

In addition to the detailed determination of risks, it is equally important for Hansgrohe to identify opportunities. The company's successful growth and profitability will continue by consistently capitalizing on the opportunities that present themselves. In this context, the objectives are also to secure and enhance the company's competitiveness.

The risk management system is intended to systematically and continuously identify, record, update, analyze, assess, control and monitor risks.

The objective of the risk management process is to minimize, limit or even eliminate risk. The identified risks are analyzed with regard to their potential negative impact on the Hansgrohe Group. Based on the analysis, suitable risk management measures are agreed upon and introduced where possible in the area of risk under review. The risk management team at headquarters records the risks for the entire Group. Risks are identified and monitored with the respective risk owners in recurring risk workshops. The number of risk workshops has been greatly expanded in recent years.

The primary objectives of the Hansgrohe risk management system are as follows:

Target	Description
Support of the company's goals	Evaluate strategic and operational goals in the context of the risks to be taken and make risk-aware decisions.
Increased planning security	Stabilize company results through the inclusion of risks.
Transparent risk situation	Determine the current risk situation.
Active culture of risk assessment	Take corporate action based on the conscientious handling of risks.
Risk control through risk management	Systematically implement all risk-related tasks in an effective risk management process.
Risk management as a management process	Use processes to orient risk management as a key management task.
Risk management as a component of all operational processes	Make definitive risk management a component of all processes instead of a purely headquarters-based task.

Hansgrohe has implemented an early-risk-detection system that complies with the requirements of Section 91 (2) AktG (Stock Corporation Act). This risk management process for risk identification, risk documentation, and similar is supported by the implemented internal control system (ICS). The ICS is aligned with the requirements of the Sarbanes-Oxley Act (SOX) and other guidelines. The SOX requirements for Hansgrohe are based on the stock market listing of the Masco Corporation in the US.

The risk management system serves to identify risks at an early stage and covers all areas of the company. The following information focuses primarily on risk areas that have the potential to jeopardize the development and/or continued existence of the company.

The risk assessment accounts for the probability of occurrence and the potential impact of damage.

The Hansgrohe Group assesses damages at the EBIT level. A risk's probability of occurrence is assessed according to a percentage-based scale. The categories shown in the risk matrix provide five possible classifications within the scale. There are four categories for assessing fiscal impact: low, medium, high and very high. The graphical representation is based on the risk matrix below:

		≤ 10%	> 10% ≤ 50%	50%/50%	> 50% ≤ 75%	> 75%
Gross loss amount	DA	DB	DC	DD	DE	Very high > EUR 10 million
	CA	CB	CC	CD	CE	High > EUR 5 million ≤ EUR 10 million
	BA	BB	BC	BD	BE	Medium > EUR 1 million ≤ EUR 5 million
	AA	AB	AC	AD	AE	Low ≥ EUR 100,000 ≤ EUR 1 million
Probability of occurrence						

Compared with the two previous years, Hansgrohe's risk profile has hardly changed relative to the issues. The eight reported opportunity and risk areas in 2022 are also included in the risk reporting for 2023. There were slight changes in the rankings of the individual opportunity and risk areas. This is primarily due to the political developments in 2023 with various political conflicts and wars worldwide. The risk issues related to the economic environment and political climate were still in fourth place in 2022. We have once again escalated these to third position due to the current assess-

ments. These issues lead to fluctuations in sales and production within the Group. On our growth path, the stability of sales and production and thus our own customer supply through production capacity utilization is a high priority.

The biggest political influences of the year continued to include the military conflict between Russia and Ukraine, the military conflict in Israel, the conflict between the US and China, the conflict over Kosovo and the increasing government influence on production regulations in China. Based on these and other political influences and developments in 2023, both in terms of sales and production, Hansgrohe implemented further measures in 2023 and attached greater importance to risk management policies related to sales and production fluctuations. This is reflected in several areas, particularly in the improved market position of international distributors, the expansion of the product range to include ceramic products and bathroom furniture and the expansion of the database of alternative suppliers. This shows that we are pursuing a holistic risk management process and have attached greater importance to the economic environment and political climate in this context. We anticipate further challenges in this area in the coming months and years. This issue will continue to be complex based on the current instability of the global political situation and the uncertainty surrounding political decisions. Hansgrohe will continue to optimize processes and implement additional measures to improve its starting position and thus gain room to maneuver.

Another change occurred within the issue of sustainability. While sustainability risk was ranked third last year, it is now ranked fourth. The ongoing work in this area and the growing importance of the risk of the economic environment and political climate have led to a slight downgrading of the risk assessment. Hansgrohe will nevertheless counter sustainability risks in the future with additional new measures, such as research into further reducing the water flow of products as well as packaging waste. It can still be assumed that Hansgrohe will be able to capitalize on opportunities in the future thanks to its strategic positioning and sustainability projects, issues and products. The sustainability trends in many regions of the world and the effects of these trends will lead to high expectations from legislators and creators of standards. Hansgrohe's commitment to sustainability was most recently

recognized by the German Sustainability Award 2024. Sustainable innovation in production and processes throughout the Hansgrohe Group was emphasized in particular. The measures implemented and the solidification of sustainability in the corporate strategy will help us capitalize on opportunities and minimize or prevent risks. The issue will therefore remain a high priority in 2023.

1. Market orientation and customer focus (rating: DA)

RISKS: The Hansgrohe Group was also able to achieve a reasonable level of sales and earnings in 2023. Hansgrohe continues to pursue ambitious goals with its corporate strategy "Hansgrohe No.1." If current risks become reality, they could be reflected in future company figures and lead to a failure to meet targets. Market and competitive developments will therefore continue to be closely monitored and analyzed. In terms of setting up for the future, Hansgrohe continues to invest heavily in research and development to secure and improve the market position it has achieved. As part of the expansion of the product range, a decline in the proportion of sales generated from new products could reduce the momentum in growth seen in recent years over the medium to long term. This could prevent the company from achieving its targets. Extensive and regular monitoring and control activities have been implemented. This ensures that planning errors are identified early and that root cause analysis can enable decisions to be made promptly if necessary, in particular to initiate countermeasures.

OPPORTUNITIES: "Market orientation and customer focus" issues should not only be regarded just in terms of their risk, however, but also in terms of their opportunities. Hansgrohe can count on a culture of innovation that has grown over the decades, enabling the company to meet increasing customer needs in terms of sustainability. The current design- and quality-oriented product range goes hand in hand with potential opportunities. On this basis, the aim is to continue to grow faster than the market. In this context, Hansgrohe is constantly expanding its product range. In the spring of 2023, Hansgrohe expanded its product range to include bathroom furniture and ceramic products. As a result, new sales potential can be tapped into on the global markets. In addition, the Research and Development department in China was expanded to include a Research & Development Center to meet the corresponding customer requirements and product requests in Asian markets. Based on the current positions of the company and its competitive product range, it can currently be assumed that the company's positive development in recent years can be continued and driven forward. The opportunity for further growth arises primarily from the company's international positioning in markets such as China and India.

Another key factor in Hansgrohe's success is intensive collaboration with internal and external designers and internal design engineers and among the Research & Development, Product Management and Marketing departments. Our products' high quality strengthens our position on the international markets and, in combination with the factors of innovation and design, leads to a good starting point for the company's continued positive trajectory in the coming years.

2. IT security/IT systems (rating: CB)

RISKS: The threat to the economy from cyber threats has substantially increased in recent years. Maintaining continuous and uninterrupted business operations depends on secure and high-performance IT systems. Because Hansgrohe operates on an international level, it is important for the company that information is current, complete, correct and constantly available. A reliable IT infrastructure is therefore essential. An IT failure or major data loss could cause significant damage to Hansgrohe's business operations. Protection of the systems from events such as cyberattacks is continuously adapted based on risk. The company also works with Masco on this issue, both in terms of systems and audit activities. Collaboration with external partners was also intensified. Cyberattacks can cause problems at more than just one's own company. Other potential effects are interruptions and delays at suppliers' and customers' organizations, such as in the form of delivery issues and sales fluctuations.

OPPORTUNITIES: Hansgrohe uses high-performance IT systems. The ongoing digitalization of company processes applies to not only individual departments, but the entire company. This is why Hansgrohe attaches great importance to the efficient organization of work and business processes within the Group. The risks associated with increasing digitalization pose a challenge. However, Hansgrohe also sees the challenge as an opportunity to further develop the company and its processes. From 2020 to 2023, years heavily influenced by COVID-19, Hansgrohe accelerated the digitalization projects already implemented and launched new projects. This made it possible to keep the processes stable, even when more than half of the office staff were working from home. Hansgrohe continues to focus on using the opportunities offered by digitalization to accelerate processes and make them simultaneously more flexible and stable.

3. Economic environment/political climate (international focus) (rating: CA)

RISKS: Risks arise for companies – including Hansgrohe – primarily from the consequences of numerous political conflicts worldwide, such as armed conflicts in Ukraine and Israel, fluctuations on the international financial markets and protectionist actions by some countries and markets. Difficult political and economic conditions are direct risks for companies. In addition to the situation in Ukraine, the focus continues to be on issues such as trade relations between the US and China.

OPPORTUNITIES: If the risks do not materialize or the global situation stabilizes improves, Hansgrohe's global positioning could also present opportunities. The various government support measures in individual countries, such as in the house and apartment construction sector, can also have a positive effect on Hansgrohe's sales situation.

4. Sustainability, tighter environmental regulations & requirements for product approval (rating: DA)

RISKS: Global developments towards greater sustainability are reflected not only in increased customer requirements, but also in increasingly demanding international environmental regulations (laws, standards, guidelines, etc.) for companies and their products. Both companies and products have solvable challenges whose risks can be reduced with improved processes and monitoring methods. To meet current and future requirements in this area, the requirements and next steps for CSRD reporting as well as for EU taxonomy were analyzed for the first time in 2023 as part of a consulting project. These requirements will be detailed in 2024 and will become relevant for the Hansgrohe Group from 2025.

OPPORTUNITIES: Closely monitoring new developments, trends and upcoming mandatory issues enables on-time development and market launch of suitable product solutions. This enables Hansgrohe to be present on the global markets with the right products at the right time. Stricter environmental requirements offer the opportunity to gain additional market share in the future and to establish ourselves as a strategic business partner by fulfilling new requirements early, even before requirements become legally binding for all manufacturers. Hansgrohe is setting the cornerstones for the future by placing even greater emphasis on sustainability, an issue already given great attention, through the “Hansgrohe No.1” strategy. This strategy will further promote sustainability and make it possible to meet our own and our customers’ expectations. Sustainable products, processes and other measures should also help increase sales in the future. The topics are collectively managed by the Green Company organizational unit.

5. Risks along the supply chain (rating: CB)

RISKS: High quality standards and increased growth over the last few years have driven Hansgrohe to work intensively with the current pool of suppliers. We have cultivated close and trusting business relationships with a great number of our main suppliers over many years. Materials (raw materials, components, etc.) represent a significant cost, and fluctuations in this cost lead directly to variations in earnings. For these reasons, long-term contracts are concluded to hedge risk by smoothing deviations. Ensuring the timely delivery of materials in the desired quality and quantity is a high priority, as interruptions to production would have a negative impact on earnings. The change in report rankings compared with the previous year was already covered in the introductory section of the risk report. Please refer to the explanations in that section. The price increases and supply bottlenecks of recent years have proven to be largely stable again.

OPPORTUNITIES: Systematic benchmarking of suppliers provides the basis for ensuring Hansgrohe’s ability to deliver. The partial hedging of commodity prices counteracts fluctuations on the supply side. Continuous monitoring significantly shortens the response time in the event that action is required. Intensive procurement market analyses have been and will continue to be conducted as part of purchasing activities to identify weaknesses early enough.

6. Currency risks and material price risks (rating: CA)

RISKS: Conducting business on an international level exposes Hansgrohe to currency and material price risks. Natural hedging counteracts risk resulting from economically necessary cash flows in foreign currencies, both current and future. Hansgrohe also uses forward exchange transactions to limit the additional risks arising from currency fluctuations.

OPPORTUNITIES: The risks of currency transactions can be minimized through professional treasury management.

7. Personnel risks (rating: BB)

RISKS: The issue of personnel continues to be a risk for Hansgrohe as well. Skilled worker shortages associated with changing demographics is also affecting Hansgrohe, particularly at its locations in Germany. This is not just about filling positions for employees who are retiring, but in particular about additional jobs that are created as a result of company growth. Together with the HR department, corporate management has introduced measures in recent years to counteract the risks in personnel recruitment. These measures – some of which have already been implemented, others of which are in progress or planned – are intended to make the company even more attractive to potential new employees. Due to its extensive activities in this area, Hansgrohe therefore sees more than just the risks.

OPPORTUNITIES: By continuing to strive to position itself as a global and attractive employer, Hansgrohe is attempting to minimize future personnel risks in the Group and to take advantage of the opportunities offered by the positive corporate image to attract and retain employees. This foundation should enable the company's positive trajectory to continue via the proper headcount and proper employee qualifications. In addition, the company will continue to focus on systematic training and further education. With its faculties and lectures, the Hansgrohe Campus offers the knowledge and further training that are essential for achieving the company's strategic goals. Hansgrohe is also taking a close look at the expected effects of the digital transformation. In this respect, it is particularly important that employees are sufficiently qualified. Employees should see developments not as a risk, but as an opportunity. This objective is supported by the newly introduced continuing education module and other HR measures. Various teams support employees regarding the foundations of digitalization. Hansgrohe provides completely up-to-date employee communication via the employee app Hans! For You, which has been in use for some time. This makes it easier to better involve all employees in corporate communications and give employees the opportunity to participate in current topics, such as via comment functionality or "Like" buttons.

8. Stoppage of production facilities (rating: DA)

RISKS: The possible stoppage of central production areas represents a significant risk. Thanks to strong investment activities, particularly in relation to construction of the new logistics center and the electroplating plant in Offenburg, Hansgrohe is now very technologically advanced in these central areas, especially in terms of building safety, fire alarm systems and similar. This ensures the necessary safety for people and the environment as well as reliability for production and customer supply. In general, buildings or parts of buildings may experience a stoppage due to fire, natural disasters and similar. By providing adequate building and safety equipment, Hansgrohe aims to minimize risk and ensure a rapid response in the event of damage. In addition, the buildings, machinery and inventory are covered against external influences by comprehensive insurance. The company also has business interruption insurance for risks such as fire, storm, hail and similar.

OPPORTUNITIES: Hansgrohe has always continuously invested in its growth, particularly in its production facilities. When implementing investment projects, Hansgrohe always focuses on topics related to machine or system investments, such as control, monitoring and safety technology. The risk of production downtime is countered by measures such as those mentioned and by systematic routine maintenance. This reduces risk to an acceptable level. As a result, Hansgrohe can take advantage of the opportunities offered by production processes free of unexpected downtime. Hansgrohe is increasing both process reliability and process speed through investments already made and projects currently being implemented.

In addition to the risk areas listed, there are other potential (unforeseeable) events that could impact business activities.

Overall statement on risk at the Hansgrohe Group

Overall, it can be stated that there are currently no identifiable risks that could jeopardize the continued existence of the Hansgrohe Group when considering the current and planned countermeasures.

The company's development in recent years continues to make us optimistic that the existing risk situation will not jeopardize the company's further development, but rather that risks can be minimized or avoided by seizing opportunities and that continued positive development can be pursued along our path. In previous years, we have already been able to achieve consistently positive company results despite difficult conditions. Monthly sales were maintained consistently high in 2021 and 2022. The economic influences described above slowed down the Hansgrohe Group's growth in 2023. The decline in the construction industry in the Hansgrohe Group's largest markets, such as Germany and China, could not be offset by growth in other markets, such as India and Turkey. Nevertheless, the earnings and cash flow situation remains positive. The Hansgrohe Group is confident that it will continue to be well positioned in the coming years and generate sales growth again. The company's financial situation is strong enough to handle the risk. The risk tolerance in terms of equity and liquidity is assessed as sufficient for the opportunity and risk situation.

E. Dependency Report

The Executive Board declares that the company received appropriate consideration for each legal transaction based on the circumstances known when the legal transactions were conducted. No measures were taken or omitted at the instigation of or in the interests of the controlling company or its affiliated companies.

Reference is hereby made to the separate Dependency Report of the Hansgrohe Group.



GENERAL
INFORMATION

5.1

Sustainability strategy: On the path to transformation

In recent years, Hansgrohe has accomplished a lot in the area of sustainability. We are working intensively to implement our sustainability strategy based on international principles.

Sustainable thinking and actions are deeply embedded in the Hansgrohe Group. Our commitment to environmentally friendly products and environmental protection in production processes is a tradition that began in the 1980s. We accept that our strategy and management must adapt to the external challenges and continue to develop. After all, we want to remain a pioneer in our sector. For example, in 1992, we built what was then the largest roof-based solar power station in Germany on top of our factory in Offenburg. And in 2005, we were the first manufacturer in the German sanitation industry to publish a sustainability report. Numerous product innovations that save water and energy can be traced back to Hansgrohe (for more information, see the Innovation chapter starting on [page 16](#)).

In 2020, we founded Green Company, a dedicated core team that focuses solely on achieving our sustainability goals and measures. Since 2022, all our locations worldwide have been arithmetically climate-neutral (based on Scope 1 and 2 emissions in accordance with the Greenhouse Gas Protocol; Scope 3 was excluded). The Hansgrohe Group tries to reduce emissions wherever possible. The remaining emissions are offset by recognized, certified climate protection projects. For more information, please visit: www.hansgrohe-group.com/en/about-us/responsibility

International conventions are the basis

Our strategic approach for sustainability is based on relevant international conventions and agreements by the United Nations, which we aim to uphold in our work. For example, we have had our climate targets, which are aligned with the 1.5-degree target of the United Nations Paris Agreement, validated by the Science Based Targets initiative. The climate crisis is omnipresent and influences many other factors (water supply, energy security, food, and migration), and all parts of society must make their contribution.

The Sustainable Development Goals (SDGs), another UN agreement, outlines 17 goals to be achieved globally between 2015 and 2030. Of the 17 goals, we have identified five that are particularly relevant to our business activities:



SDG 3
Good health and well-being



SDG 6
Clean water and sanitation



SDG 8
Decent work and economic growth



SDG 12
Responsible consumption and production



SDG 13
Climate action

Our company is also committed to cross-sectoral sustainability initiatives on the regional level. One example is the **KLIMAWIN** initiative of the German federal state of Baden-Württemberg, which we joined in June 2022. KLIMAWIN enables small and medium-sized companies in particular to set up effective and verifiable sustainability management systems. The initiative's twelve guiding principles range from human rights, labor rights and environmental issues such as resource and climate protection to product innovation and financial decisions. Hansgrohe is also a member of the Baden-Württemberg Climate Alliance, an association of 48 companies from the region that are jointly pursuing the goal of achieving climate neutrality in the medium to long term.

Our CSR Principles combine fundamental policies

The SDGs are the basis of our new mandatory CSR Principles. We combine our Corporate Social Responsibility (CSR) policies into the Principles. The CSR Principles explain to our employees what the SDGs are, why we have selected the five goals listed as our focus, and how we regard and implement them within our context. The other sections of our internal CSR Principles document are dedicated to the following topics:

FOCUS ON PEOPLE: Working conditions and human rights; child labor and forced labor; occupational health and safety; employee development; diversity, equal opportunity and integration; employee unions

HARMONY WITH NATURE: Energy and emissions; water and wastewater; materials and waste; environmental pollution; product life cycle, consumer health and safety

DESIGNING COMPLIANCE CULTURE: Fighting bribery and corruption; anti-trust law and fair competition; responsible information management; freedom for private political activities; reporting violations

Hansgrohe Group's CSR Principles are both a fundamental document for sustainable management and a code of conduct.

Three areas of action as a contribution to protecting our planet











The Green Company organizational area was set up in 2020 to oversee sustainability initiatives for the entire corporate group. The sustainability strategy consists of three areas of action, classified into ten initiatives. This is our approach to making our value-driven corporate and sustainability strategy operational. The three fields of action are:

Hansgrohe CONSERVES WATER CYCLES: Safe fresh water is a valuable resource that is not distributed fairly. In regions where water is scarce, it is vital to use it sparingly. But even regions where water is abundant must constantly invest in its treatment. Hansgrohe conserves water cycles by manufacturing products that save water while providing the same showering experience.

Hansgrohe PROTECTS THE ENVIRONMENT: The Hansgrohe Group's products are environmentally friendly and support the goals of the Paris and Glasgow agreements. Heating water consumes lots of energy. Saving water with Hansgrohe products thus also means reducing the energy consumption of sanitary facilities and protecting the climate.

Hansgrohe BECOMES PART OF THE CIRCULAR ECONOMY: Every resource that is reused instead of being extracted conserves our ecosystem and saves energy and water in production processes. Hansgrohe develops durable products that can be repaired and recycled, as well as sustainable packaging. We are working to use materials that best conserve our ecosystem.

The ten initiatives have been defined to contribute to these three areas of action with detailed goals and specific projects. These include the Green Production, Green Packaging and Green Products initiatives.

Green Company Initiatives	Hansgrohe conserves water cycles	Hansgrohe protects the climate	Hansgrohe becomes part of the circular economy
 Climate Protection Strategy		✓	
 Green Mindset	✓	✓	✓
 Green Products	✓	✓	✓
 Green Packaging	✓	✓	✓
 Green Supply Chain		✓	✓
 Green Production	✓	✓	✓
 Green Energy		✓	
 Green Transparency Services	✓	✓	✓
 Green Controlling	✓	✓	✓
 Social Engagement	✓	✓	

As part of the Green Products initiative, we are implementing a change to the product range over the next few years. After all, reducing the water consumption of our products during their long service life represents the greatest potential for reducing water and energy, and thus carbon emissions. This is particularly applicable as long as primarily energy sources with high emissions values are used for hot water production. Lowering the demand for fresh hot water is our top priority.

We describe the overarching goal with the phrase “ECO 2030.” It signifies that we are striving to convert our entire shower and faucet portfolio to “ECO” by 2030. ECO 2030 is the flagship project of the Green Products strategic initiative. Specifically, our goal is that by 2030, all of our plumbing fixture products will only be available with water- or energy-saving technology (more in the Innovation chapter starting on [page 16](#)).

Comprehensive sustainability management

Our locations are aligned with recognized management systems, and some locations are certified accordingly. These systems are also a key instrument for implementing our initiatives: ISO 9001 for quality, ISO 14001 for environmental protection, ISO 45001 for occupational safety, and ISO 50001 for energy management.

The officer for management systems makes sure that our systems are continuously updated. The Hansgrohe Operating Systems team regularly reports on the systems’ performance to the Executive Board. In-house consultants and technical specialists support the team. In our production facilities, sustainability management is reinforced by the managers of the Compliance, Environment and Safety and Energy departments, among others.

The Executive Board of Hansgrohe SE monitors the sustainability strategy and the achievement of our Green Company sustainability goals. Read more about the individual goals and how close we are to achieving them in the Environment chapter starting on [page 68](#) and the Social issues chapter starting on [page 80](#).

Analysis of topic materiality

Our actions have social, ecological and economic impacts. To continuously improve our sustainable commitment, we focus on those issues where we can make the greatest impact or that are most urgent. These key topics are reviewed regularly and adjusted if necessary.

In the 2023 fiscal year, we initiated a new materiality analysis process and discussed initial trends internally. The analysis, which is still ongoing in 2024, also includes the nine following topics (in order of their materiality) and their relationships to the SDGs (in some cases their sub-goals), the ESRS standards applied in the present Report (see the Index starting on [page 108](#)) and the chapters in this Report as follows:

Topic	SDG	ESRS	Chapter
Value creation	8, 12	G1-1 –	4. Our values and strategy 5.0 Management Report/ B. Economic Report
Environmental performance	12, 13, 6	E1 E3 E5	5.2 Environmental information
Occupational health and safety	3, 8	S1-14	5.3 Social information
Employer responsibility	8	S1	5.3 Social information
Innovation	8.2, 12, 13, 6	E1-3 E1-4 E1-7	3. Our focus/Innovation
Procurement practices	12	G1-2	5.4. Governance information/ Responsible supply chain
Product responsibility	3, 6	S4 (in part)	3. Our focus / Product responsibility
Diversity and equal opportunity	8	S1-9 S1-12 S1-15	5.3. Social information/ Diversity and equal opportunity
Compliance	16.5	G1-3 G1-4 G1-5	5.4 Governance information/ Compliance and integrity

In dialog with stakeholders

Throughout our business activities and the further development of our strategy, we continuously engage with our stakeholders – owners, suppliers, customers, authorities, neighbors and employees – to better understand their interests.

Stakeholder selection is a result of the Hansgrohe Group's business activities and international presence and is regularly reconciled with the representatives of the relevant national subsidiaries.

We involve our interest groups in Germany through regular employee surveys ("Social – working together as a team") and standardized customer satisfaction surveys ("Products – for more sustainability in bathrooms and kitchens"). In addition, we are in close contact with industry experts, are involved in standardization committees and are in contact with regulators via associations ("Governance – implementing and living responsibility").

We involve our suppliers and service providers in workshops, joint projects and ongoing business exchanges. Within the company, it is important to process the demands of our stakeholders such that they can be incorporated into business decisions.

Our employee app Hans! For You, released in 2020, established a communication platform geared towards dialog through comment, like and feedback functions. All employees, temporary workers and workers on parental leave or in partial retirement can use the app on both company and personal devices. In this way, Hans! For You has become the linchpin of the Hansgrohe Group's internal communication. It provides access to comprehensive employer topics, such as professional development, internal job offers and advice and health topics. Only the employees in China use a different local system for internal communication. With above-average activity rates and a user base of around 4,700 at the end of 2023, the platform is actively used and regularly adapted and optimized with additional services such as digital time logging, online sick leave reporting and other useful applications.



ENVIRONMENTAL
INFORMATION

5.2

The transformation starts at the corporate level

At the Hansgrohe Group, we are setting aspirational environmental goals because we want to protect what surrounds us. Sensible use of energy, efficient production and the reduction of waste and harmful effects on the environment are key objectives at all our sites.

Hansgrohe has incorporated the value of “responsibility for people and the environment” into its mission for decades. Our sustainability strategy (see Strategy chapter, [page 62](#)) addresses the huge challenges of our time such as climate change, water scarcity and dwindling resources. We develop sustainability targets and measures in line with our mission statement “In Touch with our Planet” and our three strategic fields of action: water, climate and recycling.

To improve our environmental efforts, we are focusing on two key aspects: First, we are focusing on our products and product developments, since the utilization phase is the most emissions-intensive when it comes to water and energy use (more on this in the Products chapter, [page 16](#)). Second, we are focusing on the construction and operation of our manufacturing facilities, warehousing and administration sites and logistics systems, as they are associated with carbon emissions as well as resource and material consumption.

We also aim to reduce harmful environmental consequences of our business activities at the operational level by increasing energy and resource efficiency, reducing emissions, protecting water, reducing waste and optimizing logistics.

Measures like these are not only beneficial to the environment, but also to us. This allows us to meet society’s higher expectations and increasingly demanding environmental regulations at an early stage. Companies with a strong environmental performance can also be more attractive to specialized employees. Furthermore, we

make ourselves less dependent on volatile markets, for instance in fossil fuels, and reduce costs through lower consumption of resources and lower carbon emissions.

The financial implications of climate change were rated as “material” in an internal, overarching review of the topic of sustainability, including in terms of Financial Impact, Reputational Impact and Marketplace Impact.

Water cycles are lifelines for nature, culture and prosperity. Hansgrohe is part of these cycles. Our faucets and showers are directly integrated into them during use and can control water consumption. But the production and disposal of our products also have an impact on climate and resource cycles.



Our environmental performance is a contribution to achieving the UN Sustainable Development Goals SDG 6 (clean water and sanitation), SDG 12 (responsible consumption and production) and SDG 13 (climate action).

Environmental management identifies opportunities

Our Green Company team holds overall responsibility for all goals and measures. Individual sustainability targets for energy, water and waste are set on location as a joint task between the Green Controlling department, which is responsible for capacity utilization and production volumes at the plants, and the plant managers at the international production sites. The corresponding measures are reviewed together each quarter.

The Operating Systems department is responsible for certifications, while the Environment & Safety department is responsible for implementing legal requirements in occupational health and safety and the environment. The Purchasing, Production, Logistics and Sales departments identify sustainability potential and implement this in working groups. The working groups are managed by the Green Company team and the Green Company Board, which was newly established in the reporting year under the leadership of the Chairman of the Executive Board.

Setting emissions reduction goals on a scientific basis

We are pursuing the 1.5°C target of the Paris Agreement and therefore joined the Science Based Targets initiative (SBTi) in 2022. In 2023, our emissions reduction targets and the associated action plans were officially validated by the SBTi. As part of our plans, we as the Hansgrohe Group commit to reducing Scope 1 and 2 absolute greenhouse gas emissions by 77.3 percent by 2030 compared with the benchmark year of 2021. We commit to reducing Scope 3 emissions by 25 percent in that same period. (Read more about our climate protection commitment starting on [page 70](#)).

Environmental management system based on an international standard

The Hansgrohe Group has implemented an environmental management system in accordance with ISO 14001 at all locations. As a result, we comply with environmental and waste disposal regulations. We record consumption data for resources such as energy and water at all production sites and define specific efficiency metrics. They are used as performance indicators to determine whether the measures taken are having an impact and whether we are achieving the goals we have set.

We also conduct internal and external system audits. Independent auditors inspect all production plants in Germany, France, the US and China. During the reporting year, these seven plants underwent our Internal System Audit between February and September and the External System Audit in October and November 2023. After one year of operation, our new plant in Serbia passed these audits in February 2024.

Efficiency metrics*

Our efficiency metrics describe the intensity of energy and water use and waste generated per sales tonnage.

	2022	2023 goal	2023
Electricity efficiency (in MWh/sales tonnage)	1.95	2.10	2.39
Water efficiency (in m ³ /sales tonnage)	4.12	4.42	5.17
Waste efficiency (without special waste) (in t/sales tonnage)	0.185	0.177	0.170
Special waste efficiency (in t/sales tonnage)	0.051	0.053	0.059

* The scope includes all Hansgrohe Group production sites and headquarters in Schiltach, Germany.



We contribute to the realization of SDG 6, 12 and 13.

Development of efficiency metrics relative the previous year

Compared with 2022, we were able to reduce the ratio of resources used (electricity and water) per tonnage sold and thus further improve efficiency. Waste was also reduced significantly.

(in %)	2022	2023 goal ¹	2023
Electricity efficiency	-13.6	+7.7	+22.6
Water efficiency	-14.1	+7.3	+25.5
Waste efficiency (non-hazardous)	-13.5	-4.3	-8.1
Waste efficiency (hazardous)	-14.3	+3.9	+15.7

* The scope includes all Hansgrohe Group production sites and headquarters in Schiltach, Germany.

Making long-term sustainable investment planning possible

Sustainable project ideas often pay off only after a few years, so they do not have the shortest return on investment (ROI). To nevertheless be able to conscientiously promote these and plan for the long term, we have been using an annually adjusted internal CO2 price for our profitability calculations since 2022. Additional support for sustainable investments is provided through a Green Fund in the investment budget. This fund is available solely for sustainable projects.

Actively implementing environmental projects

Environmental protection is a continuous process that relies on the commitment and ideas of many people. The Green Company team can count on a large number of supporters, since a large number of employees at Hansgrohe participate in in-house environmental protection campaigns. During the reporting year, for example, the banks of the Kinzig River were cleared of plastic and other garbage



At the Kinzig Clean-up, Hansgrohe employees remove garbage from the banks of the river Kinzig.

in the annual Kinzig Clean-up, just like every year. The Rhine tributary flows right past our Schiltach site. The Kinzig Clean-up is part of the overall Rhine Clean-up project and helps reduce pollution in the Rhine and North Sea.

Additionally, the Hansgrohe Group has been an official partner of the Black Forest National Park since 2021. The focus here is on species and biotope protection. During the reporting year, employees once again supported the Grinden Maintenance Project as part of corporate volunteering. In this project, the wet meadows are cleared of new trees to protect the habitat of native animals and plants.

Climate protection and decarbonization are the focus

In terms of climate change, we see our most urgent task as reducing emissions. Fossil resources are finite and are associated with considerable emissions. This is why the switch to renewable energy sources is necessary. We are directing our actions in this area towards making real progress.

Hansgrohe supports the 1.5°C target of the Paris Agreement (see also section “Setting emissions reduction goals on a scientific basis” on page 69). Our goal is the decarbonization of the company. To achieve this, we have been balancing our own corporate greenhouse gas emissions throughout our value chain since 2019 and making them transparent as part of a corporate carbon footprint initiative. The maxim here is “Reduction before compensation.” This means that we reduce the carbon emissions of our company wherever possible. Since 2021, all German sites have been climate neutral in terms of direct emissions and energy consumed – that is, Scope 1 and 2 in accordance with the Greenhouse Gas Protocol (see also section “Setting emissions reduction goals on a scientific basis”, page 69). The international production sites have been switching to green electricity (renewable energies) since 2022. Only for the remaining emissions in Scopes 1 and 2 do we practice offsetting, or in other words, compensating for emissions elsewhere. We use recognized and certified climate protection projects to do this.

Accounting for emissions

We calculate the greenhouse gas emissions for the Hansgrohe Group based on the methodology of the internationally recognized Greenhouse Gas (GHG) Protocol. The following emissions are reported:

SCOPE 1 – direct emissions from combustion processes of stationary systems (natural gas, heating oil, coolant)

SCOPE 2 – indirect emissions from purchased electricity and district heating

SCOPE 3 – indirect emissions from upstream and downstream processes and services

In accordance with the GHG Protocol’s Scope 2 calculation guidelines, which have been in force since 2015, we report our greenhouse gas emissions using the “market-based” method. This means that the emissions factors of the energy provider are used to calculate the emissions.

Both primary and secondary data from scientific databases are used to convert consumption data into carbon equivalents (CO₂e). This means that in addition to CO₂, the calculations also take into account the six other greenhouse gases regulated by the Kyoto Protocol: Methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride (SF₆), hydrofluorocarbon (FKW and H-FKW) and nitrogen trifluoride (NF₃). These are converted into the global warming potential of CO₂.

Hansgrohe Group emissions

(in CO ₂ e)	2021	2022	2023
Scope 1	9,826	7,293	*
Scope 2	21,926	1,708	*
Scope 3	325,793	323,644	*
Total emissions (CO ₂ e)	357,544	332,646	*

* Data was not yet available and will be added soon.

Lowering energy consumption with systematic analyses

To recognize and implement savings potential quickly, we measure energy-related data with our energy data recording system. It indicates the energy use in each plant and helps identify the main consumption points and influencing factors. We use this information to minimize energy requirements in a targeted manner, for example through technical precautions, organizational changes or tailored employee training. We evaluate the measures taken in order to check their effectiveness and make any further adjustments.

All European production plants in the Hansgrohe Group have this type of energy data recording system, as does the largest non-European production plant in Shanghai. Electricity and natural gas are the main sources of energy for our production sites. In 2023, the photovoltaic systems at the Offenburg and Schiltach sites yielded 183,749 kWh. The difference compared with the previous year's figure of 217,918 kWh is primarily due to a meter failure at the headquarter in Schiltach in the summer of 2023.

A new photovoltaic system was installed on the roof of the Offenburg plastics electroplating plant. It is part of a transformation plan to work towards a complete switch to renewable energies. Our Green Company team is working to develop this plan by the end of 2024 with employees from Building Engineering, Energy Management and Energy Purchasing. Covering an area of around 8,000 square meters, the system has 1,120 modules with a maximum output of 470 kilowatts. The system is expected to supply around 473 megawatt hours per year. This will cover around five percent of the annual requirements of our production and logistics site in Offenburg (see also "Manager of buildings," page 13).

Electricity efficiency at the Hansgrohe Group*

(in MWh per tonnage of product sold)	2022	2023 goal ¹	2023
Electricity efficiency	1.95	2.10	2.39

* The scope includes all Hansgrohe Group production sites and headquarters in Schiltach, Germany.

Energy consumption of the Hansgrohe Group*

(in MWh)	2021	2022	2023
Energy consumption	90,072	82,407 ¹	74,984
of which is electricity	63,673	59,595	56,792
of which is natural gas	25,844	21,147	16,758
of which is heating oil	74	1,469 ¹	1,271
of which is district heating	481	196	163

* The scope includes all Hansgrohe Group production sites and headquarters in Schiltach, Germany.

¹ Heating oil was procured as an emergency energy plan in case of an actual energy crisis for the winter of 2022/2023. Heating oil purchase, not consumption, is measured. Heating oil was not needed as a reserve but is now gradually being used in place of gas for heating..

Measures to reduce energy consumption

We are working continuously to reduce our energy consumption. During the reporting year, we implemented targeted measures in the three focal areas of shutdown management, new technologies and renewable energies:

SHUTDOWN MANAGEMENT: Attentive employees noticed that various lights and ventilation systems were still on at the Offenburg plant even after the end of production over the weekend. A shutdown test was conducted and the results evaluated. We were able to reduce the base load by almost 30 percent simply by turning off these energy consumption points. Minimal effort without investment has had a major impact. The Executive Board then set the goal of replicating and systematizing this success in the other plants. The newly appointed Energy Manager worked with the technical departments in all German plants to identify potential and conduct shutdown campaigns. In particular, optimizing the on/off time programs in the building services systems significantly reduced wasted energy. Office staff were also encouraged to use screensavers. To standardize the measures, departments drew up checklists for turning off systems at the end of shifts and on weekends. We have also set a limit for each area, which is monitored using the energy data management system. As a result, we have been saving around 400 MWh of energy per year since then.

NEW TECHNOLOGIES: We operate a large number of machines and the associated control cabinets for the electronics. Because of the heat this equipment generates, we use many air conditioning units, which in turn consume electricity. In 2023, we commissioned a new system for enclosure climate control at the Schiltach West plant. It cools the machines inside the enclosure so the heat no longer escapes into the production halls. The cooling units were placed in a central location of each machining center, making them much more efficient. This measure reduced yearly energy consumption by more than 60 percent, or 340 MWh. As a result, Scope 1 carbon emissions (less coolant) fell by 33 tons of CO₂e, and those in Scope 3 (electricity mix in the upstream chain) fell by 28 tons of CO₂e per year. The new technology is now gradually being installed in other applicable areas and plants.

RENEWABLE ENERGIES: As of 2021, all German sites have been converted to green electricity. This has been the case for all international production sites since 2022. This means that we have reduced a huge portion of our Scope 2 emissions.

Fuel consumption*

(in liters and kWh)	2021	2022	2023
Diesel (liters)	618,581	891,146	681,745
Diesel (kWh) ¹	6,161,067	8,875,817	6,790,180
Gasoline (liters)	193,027	217,764	291,845
Gasoline (liters) ¹	1,741,104	1,964,231	2,632,442

* The scope includes all Hansgrohe Group production sites and headquarters in Schiltach, Germany. ¹ Conversion factors with calorific values from the information sheet for determining total energy consumption from the German Federal Office for Economic Affairs and Export Control.

Good evaluation in the CDP rating

The Climate Change rating of the CDP (formerly the Carbon Disclosure Project) currently evaluates over 23,000 companies worldwide with regard to their climate protection performance and transparency. The Hansgrohe Group submitted its environmental data to CDP for the second time in 2023 and achieved a B rating again. Companies that receive a B rating have addressed the environmental impacts of their activities and have good environmental management practices. The global business community considers CDP the gold standard of environmental reporting because it has the richest and most comprehensive dataset on corporate and municipal measures. We have set an overarching goal of achieving an A rating with CDP Climate Change in the future.



Water protection in times of water scarcity

Using water responsibly is essential to the Hansgrohe Group. We want to use this increasingly scarce resource as sustainably and respectfully as possible – starting with the manufacture of our products.

The largest share of the water we use is for surface coating operations, primarily in electroplating. This refers to electrochemical processes involving depositing metallic particles to form a coating. We also use water for cooling, in other production processes or for presentation purposes in our Aquademie, a bathroom showroom where our products can be tried out. We also use water for the sanitary systems at our sites.

The goal of our water management program is to continuously reduce water consumption within our company. Our general principle when it comes to water consumption says it all: avoid, reduce and recycle.

- This means that most of the water used in electroplating is used and consumed only via minimal evaporation losses. Much of the water for flushing and rinsing that cannot be recirculated goes into the sewer system via the wastewater treatment plant.
- Our recirculating technology in most of our electroplating systems is state of the art. This reduces the need for fresh water during operation, for example via cascade rinsing or spray rings.

- We also close off water circuits wherever possible. For example, we were able to reduce the rinsing water requirement in the brass electroplating department at the Schiltach West plant by 1,900 m³ per year by turning off the fresh water supply to two rinse stations and replacing each with a timed spray module. We were also able to implement two major water-saving projects at the electroplating plant in Shanghai in 2023. By preparing limewater with wastewater instead of fresh water, we were able to reduce water consumption by 900 m³ per year. And by extending the service life of a rinse, we reduced consumption by a further 150 m³ per year.

The water treatment system in our Offenburg plastic electroplating plant, a so-called ion exchanger, helps to use water sparingly.



- We save a further 70 m³ of rinsing water per year in PVD coating at the Offenburg plant by optimizing the cleaning processes.
- We also reduce our fresh water requirements by applying recycling technologies such as chrome evaporation, nickel recycling and copper recovery. This reduction is achieved both directly through optimized, efficient processes for water recycling and also indirectly, since our suppliers no longer need to use water to produce operating materials.
- Wastewater is separated by content and treated in a separate wastewater treatment plant before being released into the municipal wastewater network.

In many plants, we use municipal water networks. Water that is not recirculated as processing water is discharged into local public wastewater networks at the respective production sites. Here, we strive to reduce our impact on the environment by disposing of processing water in a responsible manner.

At our West plant in Schiltach, we can draw on natural river water from the Kinzig. The low-rainfall year meant that the water level was sometimes lower than in previous years. In 2023, about 2,055 m³ of water (2022: 4,655 m³) were taken from the Kinzig. There was an increase in water consumption in 2021, which returned to normal during 2022. The increase was partly due to higher sales and partly due to great fluctuation in the amount drawn from the Kinzig River (2021: 8,415 m³, 2022: 4,684 m³, 2023: 2,055 m³).

The Kinzig flows through the middle of the Black Forest and the upper Rhine plain over a length of 93 kilometers. It is the largest Black Forest river flowing towards the Rhine.

Company water usage for the Hansgrohe Group

(in m ³)	2021	2022	2023
Water usage (including water from the Kinzig)	134,292	122,678	114,069

Water efficiency

	2021		2022		2023	
	Target	Actual	Target	Actual	Target	Actual
Water efficiency (in m ³ /t of product sold)	6.62	4.79	4.26	4.12	4.42	5.17



Materials and waste management

We research resource-efficient manufacturing processes with regard to the production of our products. We work in a process-oriented manner, focusing on error prevention and continuous improvement to avoid unnecessary waste.

We mainly use brass, plastics and chemicals to manufacture our products (see the Products chapter, Supply chain section, page 100). The base materials here are brass, which is cast in molds at our plants, and plastic, from which we manufacture product components by injection molding. Further production steps include finishing, grinding and polishing (brass) and electroplating (brass and plastic). The products are then assembled and packaged.

We have formulated guidelines and standards for our raw materials to ensure consistently high quality and to comply with all national and international laws and industry standards. We define all the requirements and specifications that our materials and components must meet via our own factory standards. We continuously update these. We place particular importance on our standard for environmentally compatible products and constituents as well as on conformity with the European chemicals regulation REACH. The plant standards are mandatory for all suppliers (more about this in the section Supply chain, page 100).

Keeping materials in circulation

We attach great importance to ensuring that production is geared towards sustainability. By recycling products and materials or using them for a long time, we reduce both resource consumption and transport distances.

In addition, we launched a product range in 2023 for which we also process recycled material from production waste. In the Planet Edition, conservation is incorporated into all areas of the product life cycle. The Pulsify Planet Edition hand-held shower handle is made of recycled plastic. The ABS plastic is obtained from old products and rejects. The coated plastic is shredded and cleaned beforehand. This is followed by conversion into a high-quality regranulate. This alternative to petroleum-based primary plastics achieves a significant reduction in resource and energy consumption.

Disposing of and using waste

Our manufacturing processes generate waste, particularly in the plastic injection molding process and in gravity die casting into permanent metal molds. In total, there are around 35 different types of waste to be recycled or disposed of. Each type is categorized as hazardous or non-hazardous waste (see table "Waste and special waste," page 77).

Each production department works internally to avoid and reduce waste. The progress of the projects is continuously monitored in the working groups in collaboration with the Green Company team. Waste efficiency is a quarterly topic on the agenda at every production site. Our waste officers at the sites draw up specifications for the departments, taking into account the applicable legal requirements.

We do not currently operate our own processing facilities for the disposal of our waste, but instead use reliable external disposal companies. Here, we place great importance on ensuring that waste is returned to the materials cycle. For example, our shower hose scraps are used to make floor mats for cars. However, initial projects started to enable us to recycle production scrap at our own sites: In February 2024, a plastics recycling system was put into operation at the Offenburg site.

Performance metrics and goals in the area of waste

	2021		2022		2023	
	Target	Actual	Target	Actual	Target	Actual
(in m ³ /t of product sold)						
Waste efficiency (non-hazardous)	0.225	0.214	0.202	0.185	0.177	0.170
Waste efficiency (hazardous)	0.069	0.059	0.051	0.060	0.053	0.059

Waste and special waste for the Hansgrohe Group

	2021	2022	2023
	(in m ³)		
Waste generation (non-hazardous)	5,986	5,508	3,765
Waste generation (hazardous)	1,661	1,513	1,311

Handling waste responsibly

Manufacturing our products also generates waste, such as wooden pallets, films or sprues from the plastic injection molding shop, which we cannot process in-house. All production sites transfer these materials to authorized disposal companies, where the materials are properly recycled when possible.

Disposal of hazardous waste*

	2021	2022	2023
	(in % of the total amount of special waste)		
Recycling	33	54	59
Recovery, including energy recovery	4	5	9
Combusted waste	39	39	31
Waste disposal	1	1	0
Other (chemical/mechanical treatment)	24	1	1

* The proportion is based on the weight of hazardous waste that is sent to the disposal company. Of that, the disposal company recycles 80%.



”

Environmentally efficient production is our proof that we are serious about sustainability. We don't just want to produce a few ecological flagship products – we want to operate sustainably as a whole. Our products are not only environmentally friendly, but also produced in an environmentally friendly way.

“

FRANK SEMLING,
CHIEF OPERATIONS OFFICER,
DEPUTY CHAIRMAN OF THE
EXECUTIVE BOARD



SOCIAL
INFORMATION

5.3

Operating responsibly as an employer

Responsibility, flexibility, diversity and a motivating, healthy working environment are highly valued at Hansgrohe. Shared values lay the foundation for the long-term success of the company.

Team spirit is emphasized at the Hansgrohe Group as much as a respectful environment in which trust is cultivated and constructive criticism supported. These elements apply just as much to managers as they do to team-level employees. This approach is how we breathe life into the concept of employer responsibility, which is one of the essential components of our sustainability management system.

We have defined four core values for the embodiment of our teamwork:

- **Passion:** We are proud to be part of Hansgrohe and pursue our work with dedication and enthusiasm. These are prerequisites to developing new ideas and products that excite our customers and partners alike. True to our vision: We love water.
- **Appreciation:** We treat each other respectfully and fairly and provide constructive feedback. We share opinions openly, acknowledge the actions and achievements of others and assist one another reciprocally.
- **Teamwork:** We interact openly and show interest in others. We support and motivate each other. Our best ideas, our most attractive designs, our most exceptional triumphs are achieved together – as a team. We are proud of our achievements and are eager to actively take on the opportunities and challenges of the future.
- **Trust:** We do what we say, make decisions together and are reliable. We are empowered to take ownership.

The more than 5,400 employees of the Hansgrohe Group are the key to ongoing success.



A lot of individual know-how, good cooperation: this is how innovations for a sustainable future are created at Hansgrohe.

Foundations of our human resources practices

We live in a rapidly changing and ever more complex world, making human resources increasingly important. Amplifying this, the corporate group and our international expansion have grown vigorously in recent years.

As part of Strategic Workforce Planning, we share with all managers once per year whether we are cultivating new skills to confront current or future challenges. This structured and global process also entails decisions regarding succession planning and qualification programs.

In addition to our permanent workforce, we usually employ a varying proportion of temporary staff to compensate for production fluctuations with agility.

Our CSR principles constitute an essential foundation of our human resources practices. The “People at the center” chapter shows our policies regarding the following issues (excerpt):

- **Working conditions:** To foster the health and well-being of our employees, we offer benefits, flexible working hours and continuing education.
- **Human rights, child labor and forced labor:** We condemn all forms of child labor, forced labor, modern slavery and human trafficking.
- **Occupational health and safety:** Observance of stringent occupational health and safety standards is a given for us. Accordingly, we conduct risk assessments to evaluate potential hazards.
- **Employee development:** Learning, teaching and networking are central components of our daily work. These actions set our company up for the future, drawing in talent that will remain with us for the long term.
- **Diversity, equity and inclusion:** It is important to us that all employees know they are accepted as they are and that everyone is afforded the same opportunities.
- **Labor unions:** We expressly recognize the right held by all employees to form a collective labor union and to practice collective bargaining.

We therefore uphold our claim of contributing to the UN’s Sustainable Development Goals (SDGs) in a measurable way. We support in particular SDG 8 (Decent work and economic growth) and some of its sub-goals:

SDG-8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

SDG-8.6: Reduce the proportion of youth not in employment, education or training.

SDG-8.8: Protect labor rights.

We contribute to the realization of SDG 8.



In addition to health courses and advice, Hansgrohe Health Management regularly organizes flu vaccination campaigns and preventive examinations such as skin cancer screening.

What we offer our employees

We offer an extensive range of benefits so our employees will continue to regard us as an attractive employer. Employees of the Hansgrohe Group can:

- work full time or part time depending on the requirements of their job profile and take suitable parental leave;
- coordinate with their team to fulfill their duties in the office or remotely, such as from home, in the administrative sector;
- take advantage of an extensive continuing education program (more starting on page 84);
- benefit from a comprehensive health management program (more starting on page 91).

The new Klaus Grohe daycare center was officially opened in December 2023.



Since September 2023, employees with young children have been able to use childcare in the new company daycare center at the Schiltach site to improve their work-life balance. At the Schiltach and Offenburg sites, employees may also take advantage of various childcare services for school vacation time. For instance, we participate in the vacation childcare services of the city of Schiltach, organize our own vacation program for the Pentecost holidays and collaborate with other companies in the greater Offenburg area for the summer vacation program.

In Germany, employee compensation is generally based on the collective wage agreement for the metal industry. We do not differentiate between part-time and full-time employment when granting additional benefits; they are merely adjusted to the scope of the agreed-upon working hours. To promote environmentally friendly commuting, locations in Germany also have a bicycle leasing option and a subsidized work pass for local public transportation. Our company agreements comply with the legal requirements and collective bargaining framework. At Hansgrohe in Germany, we have company agreements regarding working hours, compensation, work clothes, protective equipment, workplace safety, corporate retirement plans, social affairs and data privacy. Our international sites are bound to similar employer's contributions based on country-specific guidelines. The relevant provisions are outlined as rulebooks or operating regulations. In addition to the collective wage agreement for the metal industry, collective agreements are stipulated for partial retirement, reduced working hours and fair wages.

Flexible work – in terms of place and time

We continue to develop our collaboration methods in line with our corporate culture. For instance, the offices at the headquarters in Schiltach were redesigned as part of a collaboration with employees. What arose was a flex-work area – a section of workstations that can be occupied by different employees, and in an inspiring atmosphere. The redesign was completed in 2023. The concept is to be rolled out to other German and international sites. We are certain that we strengthen flexibility and equal opportunity by enabling nonrestrictive working arrangements through remote work or different working hour models.

Employees may opt to work remotely if conditions allow. The Hansgrohe guidelines for the autonomous organization of all teams are based on mutual trust. These guidelines are intended to encourage staff to take ownership and develop optimal solutions that benefit the team, the individual team members, our customers and the company. It remains our principle to offer a place for personal encounters and collaboration.

To create a more attractive work environment for our production employees, we are redesigning our lounge areas and smoke-free outdoor zones. In 2022, part of this project included the creation of Hans! Boulevard, a leisure path on the grounds of the Offenburg site for getting out in the fresh air and taking a relaxing break. In 2023, a new non-smoking area was set up in Offenburg, and new outdoor furniture was set up around the plant. Water dispensers were also installed in all German plants.

We are happy for our employees to meet for work as well as with family and friends. As a family-friendly company, we strive to find ideal solutions and include everyone. One element of this approach is the new daycare center in Schiltach. Other elements include custom-tailored working hour models and the opportunity for employees to take on management responsibility in part-time models. The Hans! For You app enables employees to stay connected with the company even during a break if they so wish. Employees also continue to have access to IT equipment and email accounts during parental leave. The goal is to strike the optimal balance between each person's life situation and career based on their personal wishes.

In dialog with the employees

To foster dialog between management and employees, we conduct employee surveys every two to three years and organize various informal and formal discussions. No employee survey was conducted in the reporting year. Instead, seven sessions of the dialog format "EB Direct – Having a Coffee with the Executive Board" were held. Here, members of our Executive Board met with employees from production and administration to discuss current issues.

In addition, regular video messages from the Executive Board on the Hans! For You employee app provided information about the current situation and the measures planned. Information was accompanied by numerous opportunities to submit questions anonymously using a form, which the Executive Board then answered in the next article. In addition, all employees at the German sites were given information and the opportunity to ask questions at the annual operations meeting.

The recreational areas along Hans! Allee.



Employee development – growing together

We provide training and development opportunities to all employees so they can overcome whatever challenges come their way at the company, now and in the future. Together with our employees, we translate the corporate strategy and external requirements into qualifications and skills.

Digital technologies, new ways of working, changing values, cultural diversity and an aging society – these are just some of the challenges we face today. The Hansgrohe Group is committed to the development – both professional and personal – of all employees to prepare the company for the future and attract and retain new talent. The Chief People Officer is responsible for this in collaboration with each employee development and training team.

Lifelong learning and employees' ability to overcome current and future challenges are core tasks for which the different HR teams work together with the departments.

As part of strategic personnel planning, we regularly evaluate the performance and potential of our employees and identify individual training needs with the help of development questionnaires and by drafting corresponding target agreements. We give our international subsidiaries the freedom to adapt their human resources management systems to conditions and circumstances in their respective countries. We have been developing qualification matrices at the plants since 2023. We use these matrices to define local training needs to close gaps through qualification.

After one year of service and with the approval of their respective manager, employees can also take advantage of job-related continuing education outside of work alongside their employment. The training must be pertinent to their position and result in the awarding of a professional credential, such as a bachelor's or master's degree or a certificate in business administration. Hansgrohe employees receive guidance and financial support in this pursuit.

Welcoming trainees and students

We opened the Hansgrohe Talent Factory at our headquarters in Schiltach to support the vocational training of young people. This facility is a state-of-the-art training workshop for technical and business administration occupations. It gives vocational trainees the opportunity to work independently on tasks and projects, under the supervision of a team of instructors. As one of the largest employers and training companies in the Kinzigtal region, the quality of our training is particularly important to us.

That's why we have had ourselves assessed periodically by AUBI-Plus GmbH, an independent certification body, since 2018 and since then have always been awarded the BEST PLACE TO LEARN® training seal. The seal is based on evaluations submitted by 314 current and former vocational trainees and training instructors. Under the current certification, covering 2022 to 2025, our training received the rating "very good" (second best of four categories).

To further increase the visibility of our brand, we coordinate with various schools in the region, offer student internships and participate in education fairs. We also host our own events, such as our Night of Training, which provides an opportunity for those interested in learning about study and vocational training opportunities.

Interaction with the vocational trainees and dual education students begins immediately after the contract is signed. We organize a vocational trainee warm-up event so that future talents can also get to know their sponsors at the company. We offer a diverse program to get started with, including workshops and nature experiences. Our training team supervises the vocational trainees throughout their entire training period. Both vocational trainees and dual education students work on various social and ecological projects throughout the course of their training or employment with us, taking on responsibility outside of their everyday training lives as well.

We also offer prospects after graduation. As a matter of principle, our training is demand-oriented with the aim of welcoming all trainees and dual students to the team. According to the collective agreement, we are obliged to take on all trainees in Germany. Depending on performance, personal desire, economic situation and available job profiles, we always aim to take on our dual students as well. The training rate in 2023 was 4.6 percent (2022: 4.8). The training rate (see table to the right) only decreased in terms of percentage, not number, which is due to the increased number of employees.

To make it easier to start a career at Hansgrohe, our Talent Factory launched the "Do it your way" initiative. In the form of informational events, advertisements and corresponding posts on social media, we promote retraining, part-time training and entry-level qualification. As part of the campaign, career changers and part-time trainees talk about their experiences.

Additionally, our German sites have an average of between 50 and 60 students per semester who complete their internship semester, final thesis or student internship activities with us. These students bring their ideas and drive to all areas of the company.

Training rate at Hansgrohe SE

(in %)*	2021	2022	2023
Training rate	4.8	4.6	4.6

* As of September 1st (start of training year)

Trainees and students at Hansgrohe SE

(per capita)*	2021	2022	2023
Dual education students	72	72	65
Industrial trainees	56	58	60
Business administration trainees	27	27	31

* Only in Germany, as of September 1st

Continuing education at CAMPUS

With six categories (Strategy & Innovation, Brand, Sales, Efficiency, Employee & Leadership, and Digital), our CAMPUS learning platform provides the specific professional training needed to overcome future corporate challenges. With events, seminars and workshops, CAMPUS is a place for staff to meet and share knowledge. CAMPUS integrates, challenges and drives all who train there – regardless of department, hierarchical level or professional experience.

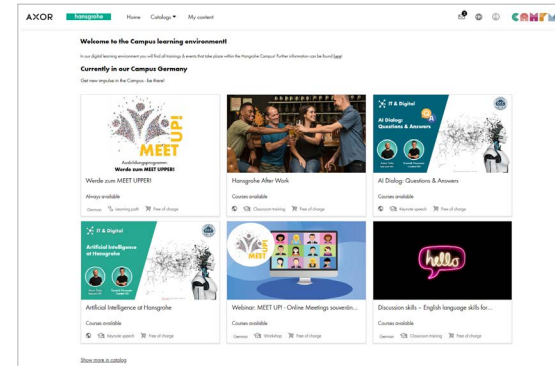
Employees prepare presentations on the latest news and exciting matters from different departments for delivery to both colleagues and outside experts at various informational events. For instance, Green Hours serve to provoke reflection regarding sustainability and to support project development related to our vision of a carbon-neutral bathroom and the sustainable orientation of our company.

In 2023, 844 events took place at CAMPUS (2022: 854) with internal and external experts. Of these, 706 were internal events (2022: 701) and 138 external bookings (2022: 153). A total of 14,684 participants were in attendance (2022: 14,107). In addition to CAMPUS, we have organized numerous mandatory training sessions regarding occupational health and safety and environmental protection. These sessions are presented to the individual plants, including international locations.

Creating new work prospects with talent management

Our talent management program ensures that we have transparency regarding our talent across the Group – including at our international sites. In support of the program, we have held talent conferences around the world and held many one-on-one employee development meetings. In addition, we have established structures to professionally handle international employee transfers, whether for an individual project or for extended stays abroad. Contract durations can be up to three months or from two to five years (with a local employment contract). In 2023, there were four short-term and three long-term assignments.

Our mentorship program creates new work prospects and professional orientation programs. We see the mentor-mentee pairings as an open offer of communication for all employees, regardless of age, department, country or hierarchical level. Mentoring is an integral part of employee and talent development at Hansgrohe.



The CAMPUS learning platform is a place of knowledge transfer and encounter for all Hansgrohe employees.

Mentoring offers the opportunity to be accompanied in your own development through regular exchanges on current challenges and to learn from the experiences, assessments and perspectives of the mentor.

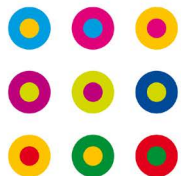


Achieving diversity and equal opportunity

Equal opportunity, diversity and inclusion are all part of team Hansgrohe. We aspire to have a diverse workforce in which everyone has the same opportunities. We are convinced of the added value that diversity brings our team, and we strive to enhance and promote diversity.

The Hansgrohe Group is a diverse, globally established company. More than 5,400 people across three generations work with us, each of whom brings a unique background, which fosters connection over separation. We always support respectful and appreciative interaction. All employees should have the same opportunities – regardless of age, ethnicity, skin color, nationality, gender or gender identity, physical or mental abilities, religion or world view, sexual orientation or social background. As a global company, we encourage our employees to be accepting of other perspectives, to be empathetic and to learn from each other. By embracing this mindset, we at Hansgrohe can work together for better diversity and inclusion.

By signing the Diversity Charter, Hansgrohe has committed itself to sustainable diversity management. The diversity of employees is conscientiously promoted as part of the HR strategy and organizational development.



charta der vielfalt

Commitments established

The CSR Principles, which function internally as a code of conduct, constitute the formal foundation for our approach to managing diversity and equity (see page 63). Our Principles emphasize that the diversity of our employees reflects our values and is part of a recipe for future success. It is important to us that we have a working environment where different perspectives and backgrounds are considered and promoted, which results in better teams and better solutions, and thus more innovation. These are the reasons why diversity and equal opportunity collectively constitute one of the main issues in our sustainability strategy. Conversely, we have a zero-tolerance policy for discrimination or for disregarding the dignity of a human being based on outward appearance or other factors of societal diversity.

As an expression of our commitment to diversity and inclusion in general as well as our heightened involvement in these issues, we were one of the first companies in the sanitation industry to sign the Diversity Charter in 2021. By signing the Charter, we are putting the onus on ourselves to increase our level of participation and to strengthen the equal rights of everyone in our company.

Promotion and embedding of diversity

The team Diversity, Equity & Inclusion works toward embedding the issues surrounding diversity and inclusion in our company. The project team also took on the new role of Diversity & Inclusion Consultant in the Human Resources department in 2021. Listening, learning and self-reflection are at the core of their work. The goals are to promote discussion among our workforce surrounding diversity and inclusion and to build and expand upon knowledge of these issues. Furthermore, as a subsidiary of the Masco Corporation, we are part of a network of colleagues from all over the world with whom we can all share our respective experiences.

A working environment with different perspectives and backgrounds produces better teams, solutions and innovations. It takes time and respect to include different opinions and views. The campaign against discrimination made all Hansgrohe employees aware of this.

For instance, the project team’s first workshop included a segment about bringing subconscious thought patterns and possible prejudices to the conscious mind. The team aspired to impart awareness regarding these issues, empower employees to always act in solidarity, and institute equal rights for everyone in the company. The focus in the 2023 reporting year was primarily on empowerment programs and the “Respektiere (m)ich?!” (Do I give and get respect?!) campaign. The empowerment programs are designed for employees on parental leave and include events such as workshops, training courses, networking meetings and information events on returning to work or the financial aspects of parental leave. Examples include a new product presentation and discussion in the Aquademie for parents, presentation of the new daycare center with information on registration, learning modules on parenting challenges and a workshop on “Family and workplace success.” The “Women for Future” program, available at

all locations worldwide, was aimed at female talent with targeted training for women, networking meetings, mentoring, lectures and smaller learning modules. The events were offered in German and English.

Many of these measures were aimed at empowering women in the company – especially for those caring for children or other loved ones alongside their job. With these programs, we strive to make a tangible contribution to the compatibility of work and family life at Hansgrohe.

We also hosted a Girls’ Day to demonstrably support the next generation of women. Interested schoolgirls can get a taste of future-oriented technical professions and test their own skills in exciting technical projects. The aim of this international day of informative programs is to get young women interested in technical professions and to support them in making their career choices. The parent/daughter internship that we carried out in 2023 also served this purpose. Young women who participated were able to question traditional roles and discover how the technical working world has changed. Girls can put their technical skills to the test by working through a practical project in our training center with their parents. We want to provide career guidance without stereotypes and encourage people to try out the available technologies with an open mind.

The “Respektiere (m)ich?!” campaign focused on raising awareness of respectful teamwork and anti-discrimination. Learning modules were conducted at the German plants as part of this process. An e-learning program and management training on the topics of respect and tolerance in the workplace complemented the campaign. Representatives were appointed and trained at all plants, and an external employee advisory service on social issues was launched. Diversity Day 2023 included discussion sessions and a poster campaign and short film festival on the topic of respect.



Additionally, we assess and optimize our processes for equal opportunity and inclusion to ensure that they are in line with and support the diversity of our employees. For example, we optimized the application and hiring process to promote diversity in terms of gender and other factors. This includes a gender-neutral approach, the use of inclusive imagery and rules for the selection process such as gender parity and two-person checks. The Recruiting team conducted workshops in support of this initiative. The aspiration “shaping diversity” is also part of our leadership model.

Inclusion of employees with disabilities

Employees with severe disabilities or substantial limitations are assigned official representatives at German Hansgrohe sites. These representative are appointed by the employees with severe disabilities or substantial limitations in accordance with Section 177 SGB IX (German social security statutes). The tasks of the representative for employees with severe disabilities include

- promoting participation in the workplace by people with severe disabilities or substantial limitations;
- complying with laws, regulations, service and company agreements, collective agreements and occupational health and safety regulations;
- supporting employees with severe disabilities in applying for means to help them work and in applying for severely disabled status or substantial limitation status;
- receiving and processing suggestions and complaints;
- data privacy surrounding this issue.

Moreover, our initiatives include working toward implementing easy access to buildings, health management and ways to support inclusion through digital means. Among other initiatives, we conducted targeted inspections to determine how we could improve accessibility in the workplace and implemented corresponding modifications. We enable digital accessibility through new videos and e-learning courses in simple language and with subtitles. The rate of people with severe disabilities in Germany was 4.64 percent in 2023.*

We report our advancements and the long-term trajectory of our measures internally to the Executive Board on a continuous basis. We report this same information to the Masco Corporation on a quarterly basis in the context of group-wide diversity initiatives.

* www.destatis.de/EN/Themes/Society-Environment/Health/Disabled-People/_node.html

Managerial staff at the Hansgrohe Group

(in %)*	2021	2022	2023
Under 30	3	3	2
30 to 50	71	71	69
Over 50	26	26	29

* By age group, as of December 31st

Managerial staff at the Hansgrohe Group

(in %)*	2021	2022	2023
Male	78	77	75
Female	22	23	25

* By gender, as of December 31st



”

Issues relating to our employees are always important – whether we are in a challenging environment or in an upswing. We define our focal points so that we can always act with foresight and responsibility. This is how we act in the best interests of our employees.

“

SANDRA RICHTER,
CHIEF PEOPLE OFFICER

Ensuring occupational health and safety

The Hansgrohe Group strives to promote and protect the health of its employees. That's why we assess our processes for accident and safety risks and why we invest in an advanced health management program.

Safe work areas are a basic prerequisite for the motivation and commitment of employees, and they are an essential responsibility of an employer. That's why we at the Hansgrohe Group consider health maintenance to be particularly important and why we go above and beyond what is legally required. Our initiatives include preventing workplace accidents and offering health promotion measures. A functioning occupational health and safety management system protects employees and can also prevent job-related accidents. All of these reasons are why occupational health and safety is one of the main focuses of our sustainability management system.

Clearly organized structures and guidelines

To protect the health and safety of our employees, the Environment and Safety (E+S) department and Occupational Health Management team analyze pertinent work processes and the working conditions of all employee target groups for health and safety risks and implement numerous measures in the respective areas. Occupational health and safety is firmly anchored in our corporate guidelines and in the CSR Principles. Our ISO 45001-certified occupational health and safety management system is implemented strictly at all production sites, both domestic and international.

The E+S team is responsible for the system on an organizational level. As a staff unit, the team supports the Executive Board, managers and employees in the implementation of occupational safety in the company. A central occupational health and safety committee headed by the Executive Board meets regularly to address current occupational health and safety issues. In addition to the Executive

Board, the Works Council and the Hansgrohe SE company doctor also attend the meetings. The core function of the E+S team includes creating guidelines for the subsidiaries, taking local laws and regulations into consideration. For instance, the team ensures implementation of the legal requirements for occupational health and safety as well as the implementation of the guidelines of accident insurance agencies (professional bodies) in a lawful manner. The legal requirements for occupational health and safety matters are assigned as responsibilities

Ergonomically designed workstations are an essential component of health protection both in the administrative area and in production.



of management via the legal register. This reporting year again, responsibilities were transferred to all employees with management responsibility in the form of a document to be signed.

In addition, compliance audits were conducted by an external service provider at all national and international production plants in 2023. The opportunities to improve occupational health and safety and environmental protection defined as a result were implemented.

Assisting with concrete measures

We evaluate key safety findings and metrics to continue making working conditions even safer through training courses, technical measures and process improvements. In addition to having dedicated company doctors in Germany, we work with external company doctors for sites outside of Germany. This includes services for construction site safety in the case of construction sites, such as for the new factory in Serbia. External companies receive safety training upon accessing company premises. Risk assessments are conducted for every process.

In addition to established safety instructions in the context of our occupational health and safety management system, we have a reporting system for potentially unsafe conditions or situations. Employees can use it to send a report if they feel a work situation is unsafe. The form, available in our Hans! For You app, enables electronic capture of the report and evaluation in very little time. The E+S Team evaluates reports in terms of a potential accident's severity and probability of occurrence. Measures for improved occupational health and safety are then implemented as necessary together with the respective departments. The app contains a lot of other useful information as well as tools for occupational safety and for health management.

Increasing safety awareness

Employees of the Hansgrohe Group receive regular training on occupational safety at Hansgrohe Campus. Just as in the previous year, eight occupational health and safety committee meetings were held in 2023 – four at our German sites and four at our production site in Wasselonne, France. Our production sites in the US and China are subject to local regulatory requirements and address occupational safety issues accordingly.

Injuries by type and region

	America			Europe			Asia		
(per capita)	2021	2022	2023	2021	2022	2023	2021	2022	2023
Male	0	1	0	20	19	23	2	0	1
Female	1	0	0	3	6	14	0	0	0
Total	1	1	0	23	25	37	2	0	1
Days absent	4	2	0	277	361	642	224	0	86
Type of injury									
Cut and puncture wounds	0	0	0	4	12	8	0	0	1
Contusion, compression, sprains	1	1	0	20	8	26	2	0	0
Fractures	0	0	0	1	1	1	0	0	0
Chemical/ burns	0	0	0	1	4	2	0	0	0

* Figures for Hansgrohe SE, Hansgrohe Deutschland Vertriebs GmbH, Hansgrohe Wasselonne S.A.S, Hansgrohe Inc, Hansgrohe Sanitary Products (Shanghai) Co. Ltd.; as of December 31st

In the reporting period, a total of 7,830 occupational safety training courses (online and on-site; 2022: 8,561) were conducted. The sessions include annual training tailored to the needs of production departments and online training for all administrative staff.

Supporting preventative health measures

A comprehensive health program is part of the benefits package of the German Hansgrohe Group sites. Hans! Fit includes everything for maintaining and promoting each individual's health and wellness. As part of our health management program, we offer our employees a broad package of diverse benefits. At our international sites, the local HR managers are in charge of putting together suitable arrangements and offerings.

Workplace health management teams fall under the Human Resources department. At headquarters in Schiltach, the team consisted of a Health Manager with the support of an intern in 2023. This is also where the workplace integration management (BEM) team, which interfaces with legal requirements, is managed. The aim is to help employees return to work after prolonged periods of illness or repeated short periods of illness. The BEM team and, if necessary, other internal and external stakeholders provide individualized measures to ensure long-term capacity to work.

From January 2023, the health management and occupational health services teams were supported by the appointment of a full-time company doctor. In her role at Hansgrohe, she is expanding the occupational health and health management services at the Schiltach and Offenburg sites. Three company emergency medical staff report to her.

Responding to individual needs

In addition to the general health management program, emphasis is also placed on measures tailored to the needs of specific groups of employees, such as production workers or employees with management responsibilities. This makes it possible to respond to individual needs, interests and requirements and find tailor-made solutions. One target group-specific measure, for example, is that new managers learn about relevant societal health issues and how they can strengthen their own and their team's resilience. In addition, trainees have a new module each year that teaches the foundations of healthful working. The focus is on the three pillars of mental health, exercise/ergonomics and nutrition.

Activities are based on data such as the stress levels identified, employee feedback and health reports from health insurance companies. These reports provide us (in Germany) with anonymous analyses and average values. In April 2023, for example, external employee counseling was established as an additional support service. These counseling sessions provide employees fast, confidential and free support in various life situations, such as caring for relatives, handling financial problems or working with authorities. The approach is "helping people help themselves," giving employees the opportunity to receive fast professional support.

Precaution matters: Successful skin cancer screening initiative

Alongside an informative presentation with the motto "the skin never forgets," all employees at the German sites were given the opportunity to receive skin cancer screening in the summer of 2023. External dermatologists examined the surface of employees' skin using dermoscopy to assess changes in the skin's appearance. Many employees requested that the service be offered again, so additional dates were offered to give all interested employees access to the screening campaign.

Workforce structure

In 2023, the Hansgrohe Group employed 5,448 people worldwide. This corresponds to a decrease of around 3.4 percent (2022: 5,639). Of these, 3,419 (2022: 3,554) people were employed in Germany as at December 31, and 2,029 (2022: 2,085) at the international locations. Due to the foreseeable decline in sales during the year, the Hansgrohe Group adjusted its personnel structure by mutual agreement over the course of the past financial year. The majority of the reduced positions resulted from not filling vacancies and the implementation of retirement offers. Around three quarters of our employees work in Europe. The total number includes all full- and part-time staff, vocational trainees and dual education students. Temporary staff, who generally work in production, are not included in this statistic.

At the German sites, the number of new hires in 2023 was 38 (2022: 187; full-time and part-time employees). Hansgrohe took on 31 vocational trainees during the period under review (2022: 41). Four temporary employees were given permanent employment during the period under review (2022: 36). The turnover rate was 4.6 percent across the entire company (2022: 5.3).

Unless otherwise stated, all production sites of the Hansgrohe Group, its headquarters in Schiltach and all subsidiaries are included in the following tables. The key figures for new hires include replacement hires and newly created positions; they do not include interns, students writing their final thesis, seasonal workers or vocational trainees. All figures are as of December 31.

Employees by region

(in %, rounded)	2021	2022	2023
Europe	75	76	77
Asia	19	19	18
America	5	4	4
Africa	1	1	1
Australia	0	0	0

Employees by age around the world

(in %, rounded)	2021	2022	2023
Under 30	19	19	15
30 to 50	56	57	58
Over 50	25	24	27

Employees by gender around the world

(in %, rounded)	2021	2022	2023
Male	62	62	61
Female	38	38	39

Employees by employment status

(per capita*, total)	2021	2022	2023
Full-time employees	2,912	2,870	2,736
Part-time employees	378	378	372
Temporary employees	73	30**	10**

* Only Hansgrohe SE and Hansgrohe Deutschland Vertriebs GmbH

** The number of temporary employees was reduced in 2022 and 2023 due to the rate of order placement.

New hires by age and gender

(per capita, total)	2021	2022*	2023*
Under 30	401	327	156
30 to 50	521	441	228
Over 50	110	69	35
of which are male	593	491	256
of which are female	439	345	162

* One person without gender specification in 2022 and 2023

New hires by region

(per capita, total)	2021	2022	2023
Europe	634	570	305
Asia	235	183	66
America	155	74	42
Africa	2	6	6
Australia	6	4	0

Overall employee turnover rate

(in %, rounded)	2021	2022	2023
Total turnover rate	5.6	5.3	4.6

Employee turnover rate by age, gender and region

	America			Europe			Asia			Africa			Australia		
(per capita*, total)	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Under 30	25	7	10	37	42	51	79	27	21	0	0	0	0	0	1
30 to 50	38	31	14	72	85	81	134	53	46	0	2	3	1	0	1
Over 50	19	10	13	16	22	16	0	1	2	0	0	0	1	1	0
of which are male	5	4	16	64	86	82	191	59	47	0	1	0	0	0	2
of which are female	77	44	20	61	63	66	22	22	22	0	1	3	2	1	0

** The values from 2021 were adjusted retroactively, as holiday workers were erroneously included in the values for this year. Vocational trainees, interns, seasonal workers, students writing their final thesis, student interns, etc. are no longer included in the values.



GOVERNANCE
INFORMATION

5.4

Corporate governance aiming for sustainability

At Hansgrohe, our high standards for sustainability start with responsible corporate governance. The Executive Board and Supervisory Board don't just shape economic and financial objectives, but actively participate in setting the sustainable orientation of the company.

Executive Board and Supervisory Board

There are currently five Executive Board members who manage Hansgrohe SE business operations, each with clearly defined responsibilities. They also represent our company to the outside world. Since August 1, 2018, Hans Jürgen Kalmbach has been Chairman of the Executive Board. The other members are André Wehrhahn as Chief Financial Officer, Christophe Gourlan as Chief Distribution Officer, Frank Semling as Deputy Chairman of the Executive Board and Chief Operations Officer and, since March 1, 2023, Sandra Richter as Chief People Officer.

Hansgrohe SE shareholders as well as two employee representatives are represented by the six-member Supervisory Board. Masco Corporation, a US company headquartered in Livonia, Michigan, is the majority and controlling shareholder. Masco currently owns 68 percent of Hansgrohe SE shares. Masco is a global leader in the design, manufacture and distribution of branded home improvement and building products. The company has held a stake in Hansgrohe SE since 1985. Syngroh Capital GmbH, a management and investment company owned by the Klaus Grohe family, holds the remaining 32 percent of Hansgrohe SE's shares. Klaus F. Jaenecke is Chairman of the Supervisory Board. Five ordinary Supervisory Board meetings took place in 2023.

The Supervisory Board and Executive Board of Hansgrohe SE work jointly toward the company's success. Operations management is in the hands of the five members of the Executive Board. They are assisted by the Supervisory Board, which monitors the work of the Executive Board and represents the interests of Hansgrohe SE shareholders and employees.

More on the activities and the committees of the Executive Board and Supervisory Board is in the Hansgrohe SE 2023 Management Report, which is published on the Federal Gazette website (www.bundesanzeiger.de).

The Supervisory Board and Management Board of Hansgrohe Group work together for the success of the company. The Supervisory Board of Hansgrohe SE consists of Jürgen Nähr, Matthias Dittmann, Klaus F. Jaenecke (Chairman of the Supervisory Board), Keith Allman, Jai Shah, and Richard Grohe (from left). As of 2023.



Sustainability-related topics managed by the Executive Board

On the Executive Board, the Chairman is responsible for the subject of sustainability. He works in close collaboration with the Head of Innovation Management & Sustainability and the Head of the Green Products strategic initiative (more on this in the chapter on sustainability strategy starting on page 62). The four areas of Green Company, Innovation Management with the InnoLab, Social Business and Start-up Commitment fall under the responsibility of the Head of Innovation Management & Sustainability.

Members of the Executive Board are tasked in their respective areas of responsibility with managing our company's impact on sustainable development in our business environment. In the first instance, this is the Chairman of the Executive Board (CEO) along with the Innovation & Sustainability department and the Green Company team. Since 2023, a Green Company Board has managed various working groups that are part of our ten strategic Green Company initiatives. The Green Company Board met four times in the reporting year to discuss ideas and projects and their implementation status.

The Sustainability Report is checked by the Executive Board before publication and made available to the Supervisory Board. To read more about coordination between the Executive Board and teams responsible for sustainability management, see the section on sustainability strategy on page 62.

To consistently and dynamically improve sustainability, the members of the Executive Board hold four annual meetings at which external experts also present specific topics. During these meetings, the focus is on the company's orientation toward sustainability. Additionally, the Executive Board members participate in training courses, seminars and conferences related to their respective areas of responsibility.

At each Supervisory Board meeting, the Executive Board presents the latest company developments and thereby subjects itself to a performance evaluation by the Supervisory Board, including in the area of the company's sustainability orientation. Once a year, the Supervisory Board formally approves the actions of the Executive Board. In addition, the Chairman of the Executive Board and the Chairman of the Supervisory Board meet every two weeks to exchange information.

Managing critical topics

We resolve potentially critical issues via regular discussion among the Executive Board and Supervisory Board and during the Annual General Meeting.

Internal or external stakeholders may address their concerns to the applicable department, Masco's Ethics Hotline, the applicable human resources administrator, the Hansgrohe Human Rights Officer or the Works Council. Concerns expressed by departments are passed on to the responsible Executive Board member at regular monthly Vice President meetings. The Hansgrohe Group Vice Presidents form the senior management level. Each of them is assigned to Managing Directors and/or Head-of-functions and those are assigned to multiple department heads or team leads. Concerns that go through the Works Council are passed on to the Chief People Officer. Concerns and suggestions can also reach the Executive Board via our idea management function, which maintains regular discussion with our Chief of Production.

Supply chain – sustainable value creation

Our company operates in more than 150 countries around the world. In order to produce our products and deliver them worldwide, we operate a complex manufacturing and supplier network.

Sustainable and lasting partnerships with our suppliers form the basis for mutual success. We also do not lose sight of protecting human rights and the environment along the value chain.

In our corporate policy and in our internal CSR Principles effective June 2023, we have stipulated that we support social responsibility and human rights along the value chain. We condemn all forms of child labor, forced labor, modern slavery and human trafficking. It goes without saying that we adhere to ethical business practices with our partners.

We are aware of the diverse effects that our procurement activities can have on people and the environment. Examples of challenges common to many supply chains include human rights, environmental protection, conflict minerals and corruption. From a regulatory point of view, this group of topics presents an increasing number of requirements, such as within the framework of the German Supply Chain Due Diligence Act (LkSG), which has been in force since January 1, 2023 (see the “Minimizing risks and establishing good relationships” section below for more).

Through our supply chain management system and our work with suppliers, we aspire to contribute to SDG 8 (decent work and economic growth) and SDG 12 (responsible consumption and production).

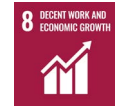
The Chief Operations Officer controls procurement together with the Vice President of Purchasing, Quality Management & Continuous Improvement (CIP). The management of suppliers and service providers is the responsibility of the Procurement of Non-Production Material, Procurement of Finished Goods, and Procurement of Production Material departments.

Managing raw and other materials

We mainly use metals, plastics and chemicals in the manufacture of our products in Germany, France, the USA, China and Serbia (see table on page 101).

We use ABS (acrylonitrile butadiene styrene copolymer) for 45 percent of the plastics used in our injection molding. As with other plastics, the starting material for ABS is crude oil. Since March 2023, we have been using an alternative at our Offenburg plant that contains 50 percent more bio-attributed content than conventional ABS.

Metals are primarily used for the manufacture of lavatory faucets and shower faucets. A faucet consists largely of brass, which is melted down and cast at our plants. Chemicals are mainly used in the electroplating process for the surface coating of the brass and plastic body. For chrome plating, the blank is first copper and nickel plated and then immersed in an electrolytic bath with chromic (VI) acid. Chromium trioxide is not present in Hansgrohe Group end products, as it is completely converted in the galvanic process – this applies to all products of both brands, AXOR and hansgrohe.



We are making our contribution to the achievement of UN goals SDG 8 and SDG 12.

We also use smaller amounts of (natural) plaster and ceramics, and even smaller amounts (for some AXOR design products) of regionally sourced wood or leather.

The new materials added as part of the expansion of our product categories are chipboard and medium-density fiberboard (MDF) for furniture; clay, feldspar and quartz (vitreous china, fine fireclay) for bathroom ceramics, glass for mirrors and urea Duroplast for toilet seats.

Materials used at the Hansgrohe Group*

(in t)	2021	2022	2023
Metals	18,986	18,531	14,934
of which is brass	15,483	15,247	12,385
of which is zinc	2,509	2,355	1,798
of which is steel	737	699	618
Plastics	4,770	4,421	3,558
of which is PVC	1,156	984	864
of which is ABS	1,172	981	785
of which is PPE/PS	629	571	407
Chemicals	1,651	1,611	1.121
of which is hydrochloric acid	408	433	281
of which is caustic soda	218	264	116
of which is calcium hydroxide	250	217	192

* Main material groups with the three largest items; numbers are rounded.

Since the Hansgrohe Group uses a large number of materials to manufacture its products, it is currently not possible to reliably determine the proportion of recycled materials. We welcome the increasing demands for product transparency and are already working hard with our suppliers to determine the actual proportion of secondary raw materials in our products. At the same time, we are creating the system infrastructure to show and control the proportions.

Our approach is always to use raw materials optimally and to recycle as many resources as possible. That is why we strive to adopt a circular approach, particularly with brass as a raw material, including returning brass to appropriate material cycles. For example, the Hansgrohe Group participates in a Europe-wide brass cycle. We are currently evaluating with suppliers how we can measure and specify the proportion of secondary raw materials of the brass that is supplied to us. In the case of plastics, it was previously not possible to recycle chrome-plated production waste. In February 2024, we put a machine into operation that can separate and recycle both components – plastic and metal – in a process specially developed with Hansgrohe (read “Inventor of a world-first” on page 13).

Minimizing risks and establishing good relationships

At the Hansgrohe Group, we manage procurement through our purchasing management system. To minimize risks together with our suppliers through responsible action and to build long-term relationships, we prioritize compliance with ethical standards, responsible working methods and environmental protection at the time of supplier selection. These requirements are contractually binding; they are stipulated in the **Supplier Business Practices Policy** of our parent company, Masco Corporation. We prohibit child labor, forced labor and discrimination, and we demand compliance with fair wages and working hours as well as the right to freedom of association.

New suppliers are accepted by the Hansgrohe Group when they have been approved by an internal specialist committee and all contractual documents are complete. The composition of the internal specialist committee can vary depending on the supplier category. In addition to the commodity buyer, technical experts and supplier auditors are also involved with suppliers of production materials. Suppliers are also assessed for quality capability as part of an on-site potential analysis at the operating sites. This way, we ensure that our requirements can be met, thereby laying the foundation for a reliable and long-term partnership.

When the Hansgrohe Group approves the addition of suppliers to its pool, it also confirms that they comply with all REACH requirements. REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) is an EU chemicals regulation that has been in force since 2007. According to its “no data, no market” principle, only applicable chemical substances that have been registered may be placed on the market. The Hansgrohe Group neither produces chemical substances or mixtures nor imports them into the EU. As a “downstream user” according to the REACH requirements, we are therefore not subject to any registration obligations.

A separate project team is responsible for ensuring adequate risk management with regard to human and environmental rights in accordance with the requirements of the German Supply Chain Due Diligence Act (LkSG). On the basis of the LkSG, Hansgrohe 2023 decided to appoint a Human Rights Officer. All employees

were informed of this via the employee app. A mandatory e-learning course on the LkSG was also set up. We have conducted risk analyses in our own area of business and in our activities with suppliers. For suppliers with whom a risk was identified, measures to address this risk will be defined and implemented. We will continuously review the effectiveness of these measures and adjust them if necessary.

Auditing sustainability performance in the supply chain

We take advantage of the opportunity to verify the sustainability performance and other factors of our supply chain through supplier audits. We use specially trained auditors for this purpose. The random audits are performed both by our parent company, Masco Corporation, and our own experts. In 2023, we conducted 55 process audits in Europe in accordance with VDA 6.3, eight of which were at new suppliers (2022: nine).

Silver medal at EcoVadis

In 2023, the Hansgrohe Group received the EcoVadis silver medal. This puts us among the top 25 percent of all companies assessed by EcoVadis in our third year of participation. EcoVadis evaluates how well a company has integrated sustainability into its management system for the issues of the environment, labor and human rights, ethics and sustainable procurement. Since its inception in 2007, EcoVadis has grown to become one of the world’s largest and most reliable providers of corporate sustainability evaluations and has built out an international network of more than 100,000 evaluated companies. Our next goal is to win the gold medal.



Transport and logistics

We operate complex logistics chains to ensure that our customers are supplied on time and reliably. For example, they can receive our goods from warehouses in Offenburg, from Shanghai in China and from Alpharetta, GA in the US. However, our logistics systems handle not only the distribution of our goods, but also the internal transport to and between the production sites as well as the logistics of disposal.

We largely use our own employees and vehicles to transport goods to and between our plants. External service providers support us with the transport of components as well as semi-finished and finished products. Across all of these, we optimize our logistics processes to continuously improve our CO₂ balance.

Our logistics experts implement continuous improvement processes and streamlining projects, and they have made significant progress in the area of volume optimization. More parts in boxes and more boxes per pallet improve the utilization of our shipments.

Regular quality campaigns and optimization of our packaging help optimize freight volumes and avoid damage during transport and returns, which all improve sustainability. The box types have also been optimized to smaller sizes for the around 200 small consignments from our logistics center every day. This also has positive effects for storage and transport. In addition, our packaging should become more universal and a few formats should be suitable for different products and contents.

Key logistics figures for the central warehouse at the Offenburg site

	2021	2022	2023
Ordered items*	3,053,550	3,320,462	3,197,473
Average number of trucks per day*	35	30	28
Average number of packages per day*	7,300	8,723	7,547

* Includes the external logistics warehouse in Lahr/Black Forest

Compliance – the cornerstone of our corporate culture

Hansgrohe’s corporate culture is shaped by the fair treatment of one another, mutual respect and a high level of trust placed in our employees, our business partners and our customers. For this reason, it goes without saying that we comply with all applicable laws and regulations.

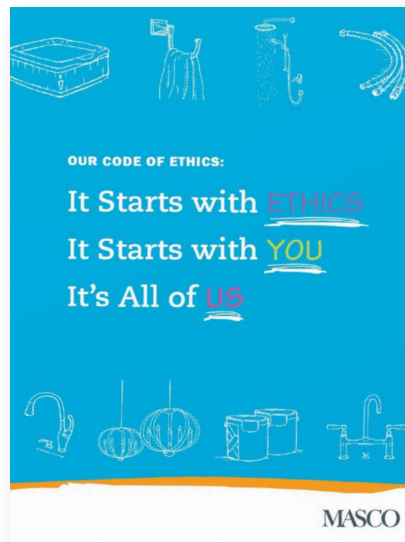
The good reputation that our company enjoys is one of our most important assets. This good reputation is created and maintained primarily through the joint efforts of all employees. Furthermore, all staff must act in accordance with our compliance policies and avoid any conduct that could damage the integrity and reputation of our company.

We rigorously ensure that we always adhere to or exceed statutes and other requirements. Our goal is to ensure complete compliance. We also expect our employees and suppliers to comply with all rules and regulations. We aspire to use our compliance management system to contribute to UN Sustainable Development Goal 16 (SDG 16), especially to sub-goal 16.5 (“Substantially reduce corruption and bribery in all their forms”).

Compliance policies of Masco Corporation

As a subsidiary of Masco Corporation, Hansgrohe follows the Masco Compliance Program. It supports our culture of integrity and consists of a number of elements that help our managers and employees understand our commitment to ethical business practices.

A key document is the Masco Code of Ethics. Annual training on the Code of Ethics is provided to all employees, as well as to new employees as part of their onboarding process. In 2023, 97.4 percent of Hansgrohe Group office workers completed the training. We continuously generate awareness of it in the employee app and via notices distributed within the company. It is also publicly available in 16 languages on the Masco Corporation corporate website.



In addition to complying with legal requirements, we are also guided by the moral values of our society. The terms ethics and integrity, which are also anchored in the Masco Code of Ethics, stand for this. Regular training courses help our employees to recognize compliant behaviour. Reporting potential violations

In addition, Masco Corporation has formal written policies that address bribery and corruption, antitrust and fair competition, conflicts of interest, gifts and entertainment, health and safety, financial reporting, insider trading, privacy, discrimination and other risk areas. We regularly train our employees on these and other governance topics. Policies regarding prohibitions on boycotts, economic sanctions, export controls and money laundering serve to prevent the international circumvention of sanctions and economic crimes. A quiz on compliance available via the employee app helps employees quickly recognize compliant behavior for many typical conflict issues.

The Hansgrohe Group has also worked together with Masco Corporation's Legal Department to establish an international data privacy management system. The tasks of the Data Privacy Officer cover the entire range of legal requirements in the countries where our company is active. These tasks are continuously monitored and updated. No substantiated data privacy complaints were received in the period under review.

Reporting potential violations

Our employees are encouraged to report activities they believe are illegal, unethical or legally questionable. We have outlined in our Code of Ethics, in the new CSR Principles and in our training program how to report concerns, including through our Ethics Hotline, which provides a confidential and anonymous reporting option. We will not penalize anyone who reports a violation of the Code or other illegal or unethical conduct in good faith.

Reports from the Ethics Hotline went to the Head of Human Resources until April 2023. Since May 2023, reports are being directed to the Human Resources representative on the Executive Board.

Public affairs activities

Sustainability has become one of the central social issues in recent years, and this has also led to a rise in the expectations of companies. As part of the European Green Deal, the European Union specified how it defines sustainability and its expectation that companies meet the challenges of sustainable development transparently and effectively. We intend to prepare for new regulatory requirements at an early stage.

Our Public Affairs department assists here by using our professional expertise in industrial production and our profound knowledge acquired from operational practice to be a competent and constructive dialog partner for politicians, authorities and members of civil society. This department is responsible for guiding Hansgrohe Group policy and representing company interests to political stakeholders. In doing so, our geographic focus is on the European Union, Germany and the federal state of Baden-Württemberg. We are registered in the European transparency register and the German Lobbying Register.

Moreover, we have formulated a Public Affairs Code of Conduct that defines the principles of our work in this area. It goes without saying that we comply with all legal and compliance-related regulations and always act objectively, transparently and in a manner that is well-grounded in carrying out all initiatives. In doing so, we also build upon collaboration with associations and interest groups.

The central themes of our advocacy are water and energy consumption in buildings as well as essential technologies and manufacturing processes for products. For example, on the EU level, we have been involved as part of the Energy Performance of Buildings Directive (EPBD). The objective was to increase awareness of the contribution of water- and energy-saving technologies in faucets and shower heads toward increasing the energy efficiency of buildings.

The founding members of the new VDMA Sanitary Technology and Design Association include 20 renowned manufacturers of bathroom fittings and sanitary objects.



According to the German Energy Agency's Building Report 2023, hot water production accounts for 14.5 percent of energy consumption in buildings. In addition, 90 percent of a bathroom's carbon footprint results from the usage phase of installed products. This was the result of our bathroom analysis "On the way to a green bathroom" from March 2022. Therefore, saving water means saving energy and reducing emissions.

Including water efficiency and hot water efficiency as criteria for the energy efficiency of buildings means that households, construction companies and energy consultants would have greater incentive to install faucets and shower heads with water- and energy-saving technologies, reducing the water and energy consumption of buildings.

Another focus in 2023 was the establishment of a new industrial association for sanitation engineering and design as part of the Verband Deutscher Maschinen- und Anlagenbau (VDMA) Armaturen (German Engineering Federation, Valves Association). Hansgrohe also joined the industry association VDMA Armaturen. The participants at the founding meeting of the new manufacturers' association also elected Frank Wiehmeier, Managing Director of Hansgrohe Germany, to the Executive Board. The aim is to promote topics such as water, energy efficiency and the circular economy in harmony with securing the location and with driving competitiveness of the European sanitation industry.

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APPENDIX



ESRS index

This annual report with sustainability report is an intermediate step towards compliance with the European Union’s Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainability Reporting Standards (ESRS). The management report has been expanded to include a sustainability report that largely follows the structure of the ESRS. Some of the ESRS disclosure require-

ments can also be found outside the management report. The formal management report, which has been audited by an auditing firm, is still published in the Federal Gazette (Bundesanzeiger). The following table shows the location of the reporting standards used up to the level of disclosure requirements without the more detailed data points.

ESRS-No.	Disclosure requirement	Comment	Page
ESRS 2: GENERAL DISCLOSURES			
BP-1	General basis for preparation of sustainability statements	Not applicable: 5.d. and 5.e.	111
BP-2	Disclosures in relation to specific circumstances	10: Not applicable: 9, 11–17.”	102
GOV-1	The role of the administrative, management and supervisory bodies		
GOV-2	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies		
GOV-3	Integration of sustainability-related performance in incentive schemes	None.	
GOV-4	Statement on due diligence	Not yet reported.	
GOV-5	Risk management and internal controls over sustainability reporting		52–59, 99

SBM-1	Strategy, business model and value chain		32–33, 62–66, 100–101
SBM-2	Interests and views of stakeholders		66
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		52–59
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities		65
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability report		108–110
MDR-P	Policies adopted to manage material sustainability matters	Management approaches to the material topics can be found at the beginning of the ESRS listed in the third column.	65
MDR-A	Actions and resources in relation to material sustainability matters	Partially reported (see MDR-P).	65
MDR-M	Metrics in relation to material sustainability matters	Not yet reported.	
MDR-T	Tracking effectiveness of policies and actions through targets	Not yet reported.	
E1: CLIMATE CHANGE			
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes		
E1-1	Transition plan for climate change mitigation		68–70
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		54–55, 56–57
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities		55, 68–69, 71
E1-2	Policies related to climate change mitigation and adaptation		17–19, 64, 71
E1-3	Actions and resources in relation to climate change policies	Partially reported (without the “allocated resources”).	17–19, 71–73

E1-4	Targets related to climate change mitigation and adaptation		69
E1-5	Energy consumption and mix		72–73
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions		71
E1-7	GHG removals and GHG mitigation projects financed through carbon credits		71–73
E1-8	Internal carbon pricing	Not relevant.	
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Partially reported (without 65-70).	68

E2: POLLUTION

ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities		54–55, 56–57
E2-1	Policies related to pollution		
E2-2	Actions and resources related to pollution	Partially reported (without the “allocated resources”).	74–77
E2-3	Targets related to pollution		77
E2-4	Pollution of air, water and soil	Not yet reported.	
E2-5	Substances of concern and substances of very high concern		77
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Not yet reported.	

E3: WATER AND MARINE RESOURCES

ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	Not yet reported.	
E3-1	Policies related to water and marine resources		63–64, 74

E3-2	Actions and resources related to water and marine resources	Partially reported (without the “allocated resources”).	74–75
E3-3	Targets related to water and marine resources		75
E3-4	Water consumption		75
E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Not yet reported.	

E4: BIODIVERSITY AND ECOSYSTEMS

According to the materiality assessment carried out (page 65), this topic is not sufficiently relevant for the Hansgrohe Group’s sustainability management.

E5: RESOURCE USE AND CIRCULAR ECONOMY

ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities		18, 27, 46
E5-1	Policies related to resource use and circular economy		20, 63–64, 68, 76
E5-2	Actions and resources related to resource use and circular economy	Partially reported (without the “allocated resources”).	22, 27, 76–77, 101, 103
E5-3	Targets related to resource use and circular economy		77
E5-4	Resource inflows		100–101
E5-5	Resource outflows		8
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Not yet reported.	

S1: OWN WORKFORCE

ESRS 2 SBM-2	Interests and views of stakeholders		66
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		57–58, 65
S1-1	Policies related to own workforce		63, 80–81
S1-2	Processes for engaging with own workers and workers’ representatives about impacts		66, 80–82

S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns		83
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions		91–93
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Not yet reported.	
S1-6	Characteristics of the undertaking's employees	Partially reported (without contract type by region).	94–95
S1-7	Characteristics of non-employee workers in the undertaking's own workforce		95
S1-8	Collective bargaining coverage and social dialogue		82, 83
S1-9	Diversity metrics		89, 94
S1-10	Adequate wages		82
S1-11	Social protection		82–83, 91–93
S1-12	Persons with disabilities	Partially reported (without 80).	89
S1-13	Training and skills development metrics	Partially reported (without 83).	84–86
S1-14	Health and safety metrics		91–93
S1-15	Work-life balance metrics	Paragraph 94 applies.	82, 83, 88
S1-16	Compensation metrics (pay gap and total compensation)	Not yet reported.	
S1-17	Incidents, complaints and severe human rights impacts	None.	

S2: WORKERS IN THE VALUE CHAIN

ESRS 2 SBM-2	Interests and views of stakeholders		66
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model		33, 46–47, 57, 64, 65

S2-1	Policies related to value chain workers		65, 100
S2-2	Processes for engaging with value chain workers about impacts		76
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Partially reported (formal means do not exist).	76
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions		102
S2-	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Not relevant (corresponding targets do not exist).	

S3: AFFECTED COMMUNITIES

According to the materiality assessment carried out (page 65), this topic is not sufficiently relevant for the Hansgrohe Group's sustainability management.

S4: CONSUMERS AND END-USERS

ESRS 2 SBM-2	Interests and views of stakeholders		66
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business mode		17, 21, 24–26
S4-1	Policies related to consumers and end-users		16–21
S4-2	Processes for engaging with consumers and end-users about impacts		21, 26
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns		26
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions		16–19
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Not yet reported.	

G1: BUSINESS CONDUCT

ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies		98
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities		104–105
G1-1	Business conduct policies and corporate culture		45, 99
G1-2	Management of relationships with suppliers		100–103
G1-3	Prevention and detection of corruption and bribery		104–105
G1-4	Confirmed incidents of corruption or bribery	Not yet reported.	
G1-5	Political influence and lobbying activities		105–106
G1-6	Payment practices	Not yet reported.	

About this report

This report is the first Annual Report with an integrated Sustainability Report from the Hansgrohe Group, headquartered in Schiltach, Baden-Württemberg, Germany. It replaces the separate Annual and Sustainability Reports created by the company since 2004. This Report is supplemented by a formal report in accordance with the German Commercial Code (HGB), which can be found at www.bundesanzeiger.de. The public accountant's certificate can also be found there.

This Report is in line with the European Sustainability Reporting Standards (ESRS) and serves as preparation for the uniform European reporting obligation under the Corporate Sustainability Reporting Directive (CSRD). The Sustainability Report in the Management Report essentially follows the structure proposed in ESRS 1, Annex F. The ESRS index starting on [page 108](#) shows the standards and disclosure requirements used, insofar as they can be covered by the current data situation. The company is continuing to work on internal reporting lines and data collection systems to collect all data required for the CSRD in future.

The 2023 Annual Report includes all fully consolidated companies of the Hansgrohe Group in Germany and abroad. A list of these companies can be found in the Hansgrohe Group Management Report 2023 in the Federal Gazette. Unless otherwise stated, all data in the report relates to these companies.

Forward-looking statements are non-binding and are plans that were considered realistic at the time the report was published. They are characterized by terms such as "believe," "can," "expect," "will," "should," "strive for," "intend," "plan," "estimate" and the like. We disclaim any obligation to implement or assume liability for such statements. Targets do not constitute obligations, promises or guarantees. This Report contains links to our and third parties' websites as well as references to third parties. These are not part of the report itself, and we cannot guarantee their accuracy.

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