

A photograph of a landscape featuring rolling green hills in the foreground and several wind turbines on a ridge in the background under a cloudy sky. The image is used as a background for the report cover.

Kohler Mira 2022 Environmental, Social, and Governance Report

Version 1: December 2022

“As we step up integration of ESG across all parts of our business and supply chain, this first report reflects a commitment to transparency and always working to be better. Even as a private company, we are accountable for the promises we make.”

David Kohler
President & CEO, Kohler Co.



About this report

Being sustainable is no longer simply an option, it is a responsibility – and an opportunity to have a positive impact on our planet, our communities and our people. Building on 100 years of heritage, we at Kohler Mira continuously work towards more sustainable solutions not only for our customers but for our associates and our communities too. We value transparency, and with our first Environmental, Social and Governance (ESG) Report, we aim to showcase the progress we have made and illustrate our plans to further embed sustainability into our daily business operations and beyond. Sustainability is an important journey, and we want to take you along with us, as we continue to move towards a more sustainable future for all.

Unless otherwise noted, the report covers the period from June 2021 to June 2022 and covers all entities under Kohler Mira Ltd. This report has been created with reference to the GRI Standards. The GRI content index is available on page 16. This report was approved by Kohler Mira's Executive Team.

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“At Kohler Mira, we care about enhancing the quality of life for current and future generations. Over our 100-year history, we have often led the way with our brands Mira Showers and Rada, investing in innovation and delivering world-firsts that have improved the experiences for our users, whether that be in domestic homes across the UK or critical healthcare environments. It is this pioneering spirit that has helped us become the strong business we are today, but we know that we need to increase our efforts and investment to ensure we are having a positive impact on our people, our planet and our communities for years to come.

We know that it is time for sustainable change – and we are determined to be part of the solution. The global community is facing unprecedented challenges from climate change and how we live, consume, supply and use goods today has a profound impact on our world, not just in the future, but also today. We have a choice, and it is the choices we make now that will make the difference.

But ‘Sustainable change’ is much more than addressing the environmental challenges we are facing. As a key UK manufacturer and employer, backed by Kohler Co. - a global, family-owned business who have always believed that it is their responsibility to address societal changes and have been driving positive, lasting change worldwide - we recognize our responsibility and the multitude of opportunities there are to achieve a positive impact beyond our immediate sphere. From

driving sustainable innovation in our products that enable our customers to minimise their water and energy use to our net-zero carbon ambition and from being a diverse and inclusive employer to investing in and engaging with our communities to drive positive social and economic growth, I am excited by what we can achieve.

We would not be the long-standing business we are today without already doing some of these things and I am proud of our achievements over our 100-year history. However, for the first time, this report allows us to clearly set out our long-term targets, outlining our roadmap and documenting our journey. Each year we will report our progress against our targets, showcasing some of our key achievements but also highlighting our focus areas of improvement.

Kohler Mira cares about a better future for all people and the planet. The business, and everyone that works here, is passionate about going beyond our own remit to help our customers improve their own impact, without compromising on the highest standards of quality, safety or consumer experience. We believe in the power of innovation and collaboration and we know that, together, we can achieve more to ensure we leave the world a better place”.

Craig Baker | Managing Director



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Introduction



About Kohler Mira

Kohler Mira Ltd (hereafter, Kohler Mira) is the UK division of Kohler Co. (hereafter Kohler), a global manufacturer in kitchen, bathroom, hospitality and power systems. The UK business is made up of three leading bathroom brands: Kohler UK, Mira Showers and Rada. In the UK, we have \approx 800 associates based in Cheltenham (HQ), Worcester, Hull and fully remote employees around the UK.

For over a century, Mira and Rada have led the way in delivering innovative products and services to our customers, with a focus on being pioneers of sustainable change in everything we do. We know we can make a difference, both with our own choices as a business but also in helping our customers to improve their own sustainability impact without having to compromise on price, quality and positive consumer experience.



Mira Showers is the most recognised shower brand in the UK, manufacturing high-quality showering products including showers, fittings, enclosures, trays and wall panels and delivering repair and installation services to consumers all over the UK.

Rada is the commercial division of Kohler Mira with over 80 years of experience in manufacturing innovative products to help organisations such as hospitals and schools across the globe keep end users safe, prevent waterborne infections and conserve resources.

Kohler UK supplies a wide range of products across bathroom suites, coordinating brassware, showers, accessories, bathroom furniture and kitchen sinks specifically to the specification market.

Our DNA

At Kohler Mira, we care about enhancing the quality of life for current and future generations, taking a long-term view to ensure we continue to operate within a safe, just and healthy world in the next 100 years. We know that by working together, we can leave the world a better place, through our corporate and business choices - every day. But we also know that this needs to be a core part of our business strategy. Our 2022-2027 Strategic Plan places corporate responsibility into every single area of our business and our strategic vision specifically cites people and planet as our focus.

We believe in the power of innovation and collaboration to ensure we leave the world a better place, working together for the future we all want.

Kohler Co. Mission Statement

The corporation and each associate have the mission of contributing to a higher level of gracious living for those who are touched by our products and services. Gracious living is marked by qualities of charm, good taste and generosity of spirit. It is further characterised by self-fulfilment and the enhancement of nature. We reflect this mission in our work, in our team approach to meeting objectives and in each of the products and services we provide for our customers.

Governance

As a company, we closely cooperate with our parent company, Kohler, when it comes to sustainability. We recognise that governing major sustainability challenges at a global scale requires coordination and we have regular conversations on our progress and share any new people and planet initiatives.

We believe that sustainability should be incorporated across the board and across various positions. To ensure that this responsibility doesn't fall on just one single person, we have followed Kohler's example and have created an ESG Steering Committee, led by three executive members. Our Executive Team is the highest governing body and is composed of nine members, chaired by the Managing Director. This body meets weekly allowing ample opportunity for the ESG Steering Committee to provide updates on all sustainability-related topics.

In order to efficiently manage sustainability initiatives, we have aligned responsibilities across the organisation to best implement these. This involves all levels of associates below that of our ESG Steering Committee and the Executive Team. Whilst compiling this report, we explored the types of sustainability metrics we should be measuring and who should be responsible for managing these. This ensures that from 2023, our ESG strategy is an integral part of our business' strategic plan and all departments will be accountable for our progress.





Ethical compliance

We value transparency and provide proof of our progress through open disclosure and sincere, respectful communication. This means that our brands are built on ethical integrity and there are key policies that are core to this.

To ensure that our operations are compliant with the highest standards, we have a Modern Slavery and Human Trafficking policy in place, and we conduct regular on-site audits which can now recommence following the Covid-19 pandemic. This policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking are not taking place anywhere in our supply chains.

Our internal Ethical Code of Conduct sets out how each of our associates is expected to fulfil their responsibilities and sets out the remediation process for any type of misconduct or question of critical concern. Part of embedding ethical integrity across our business requires every associate to do annual ethics, bribery and corruption training. Alongside this, our Ethics helpline is in place for associates to report any type of illegal or unethical behaviour. In the reporting period, we have not had any reports of any such misconduct.

In addition, we undergo a yearly financial audit that, among other things, looks at aspects of corruption, fraud and anti-competitive behaviour. Last year such an audit was conducted by PWC who concluded that no ethical risks were present in our operations.

Material topics

The past year has been transformational for Kohler Mira. Celebrating our 100th anniversary, we took the opportunity to redefine our sustainability strategy and conducted our first materiality analysis. Due to our business, water is at the core of what we do, but we also recognise that it is our responsibility to look much wider. In order to do so, we must assess those areas where we have the largest impact, both positive and negative. Based on industry research and a consultation with the Sustainability Steering Committee, we have defined the following as our material topics for our business.

Environment

- Energy consumption and product carbon footprint
- Water and accidental pollution
- Materials and waste
- Electronic waste

Labour

- Employee health and safety
- Working conditions
- Career management and training, recruitment
- Diversity, discrimination & harassment

Ethics

- Corruption and fraud
- Anticompetitive practices
- Information management and data security

Procurement

- Controversial sourcing
- Sustainable supply chain

Other

- Product design & lifecycle management
- Product quality and safety
- Corporate giving

02 Better Lives



The world is facing an increasing number of challenges that can seem daunting, but at Kohler they serve as motivation to innovate solutions and accelerate action.

Laura E. Kohler

Senior Vice President-Human Resources,
Stewardship, & Sustainability



Better lives

Our vision of leaving the world a better place is dependent on our ability to provide better lives for everyone. We take our responsibility and the impact we have on the world and the people seriously and we use it to drive our sustainability objectives. Driven by the Group “Believing in Better” philosophy, we embed socially responsible practices at every step of the way. We recognize our responsibility and possibilities to achieve a positive impact beyond our immediate sphere, from sustainable innovation, DE&I, and our net-zero carbon ambition to a circular economy and how we engage with our communities.

We have a choice of how to tackle modern challenges. We choose to be a part of the solution and leave the world a better place, every day. Due to the nature of our business, we have a responsibility over how we produce and supply our products, but also how our customers consume them. We take this responsibility seriously and this is why we want to maximise the positive impact we have on the world and people’s lives. Through Craig Baker’s position as Vice Chairman of the Bathroom Manufacturers Association (BMA), we collaborate with others in our industry towards having better sustainability practices and ensuring product compliance with international and national standards. Despite the industry being very well regulated, we want to make sure that we go beyond what is expected of us to truly be a sustainable business.

All our new products are developed with sustainability in mind.

Water and energy are at the core of what we do. From the amount of water our products use, to sustainable water and energy usage in the manufacturing process, we aim to use the latest digital technology, focusing on safety and sustainability, to set new standards in water delivery.

The key challenges that have a considerable impact on our business, are the ever-evolving sustainability legislations, particularly those involving the New Build market. As more and more areas of sustainability are being added into the national policy, stricter regulation is being introduced for new construction. For Kohler Mira, this means that any New Build regulation will have a direct impact on the industry standard – and products must meet this standard as quickly as possible to stay competitive. Equally, housebuilders are under increasing pressure to meet and future proof against government sustainability targets, including targets related to water reduction. We take our role in

the New Build market seriously and make sure that we report on our product sustainability to help meet those targets. As such, all our new products are developed with sustainability measures in mind such as how we can contribute towards an energy efficient home, improve water efficiency and increase the circularity of our products. For Mira specifically, delivering energy-efficient and sustainable products while maintaining an exceptional showering experience, is at the heart of its mission. For Rada, there is an added pressure to maintain the highest level of health and safety for the end user.

The sectors we operate in care deeply about the environment and need to meet the increasingly demanding sustainability pressures they face. This adds extra urgency to our focused efforts to provide solutions that promote resource efficiency without compromising on performance, safety, and customer experience.



Sustainability at Kohler Mira

Our parent company, the family-owned Kohler, established in 1873, has defined its sustainability and social impact strategy under the over-arching philosophy of “Believing in Better”. Kohler Mira also operates under this framework and lives the values of Kohler.

Our own sustainability strategy is based on our drive to stand up for a better future for all people and the planet, helping our customers to improve their own impact, without compromising the highest standards of quality, safety, or consumer experience. We believe in the power of innovation and collaboration to ensure we leave the world a better place than we found it. Together, we can achieve more both for our communities and our associates.

The global community is facing unprecedented challenges from climate change and the United Nations 17 Sustainable Development Goals are a call for action addressing a range of social and environmental issues. As an employer, manufacturer supplier and consumer of products, we have a huge part to play in helping to overcome these challenges and that is why we have set SDG 5, SDG 9, SDG 12, SDG13 and SDG 17 at the core of our strategy.





Many key functions in our industry, such as engineering, remain male-dominated professions. We are committed to equal opportunities for all our associates and strive to achieve gender balance across the business. By increasing female representation and supporting female associates in their professional development, we can actively contribute towards global gender equality.



Innovation is a core part of our company DNA and our culture. Our associates are encouraged to innovate big and small, everywhere. We contribute to this SDG by continuously innovating our products & services as well as improving our production and logistics processes.



Continuously innovating our products so that they require fewer resources during their use is an essential part of our product development process and business strategy. Furthermore, we focus on incorporating circular principles in waste management as a core value, looking at how we do more with less. To contribute to this SDG, we carefully consider what products and services we provide as well as how we provide them.



We pride ourselves in contributing to this SDG with our ambitious Net Zero. An example of this is the installation of 1,820 solar panels with 500 KW capacity at our National Distribution Centre (NDC). The building of this NDC has also enabled us to substantially reduce delivery miles.



As we progress along the journey of continuous improvement in ESG, we recognise the value of partnering with others to achieve common goals. From our community & charity partnerships to industry bodies and water stewardship, we are committed to developing impactful and long-term collaborations.



Technology & innovation

The domestic plumbing industry has gone through considerable change in the past century – from introducing taps and showers in virtually all households and institutions across the UK to the latest trend of digitization of bathrooms. We pride ourselves on having been leaders in this area and we have driven real innovation in the smart and connected shower market. A key success of the reporting period has been the launch of the next-generation Mira Showers app, which connects our customers' smart showers with their mobile devices for full control of their experience including temperature, time pre-sets and remote start-ups. With the introduction of our new app we also launched a new digital shower, Mira Activate, that not only works with the app but also works with smart home technology such as Google and Alexa and includes accurate flow monitoring which reports on how much water has been used each time the shower is used to encourage a greater awareness of water usage and efficiency.

A key part of our product development process assesses all new products against their potential impact on the environment, supporting our commitment to innovate in this area. As well as our latest digital showering products, during the reporting period we launched Mira Eco, a bar valve mechanical mixer that provides a solution to the need for high performance

with low flow in order to reduce water and energy use consumption.

A key concern regarding connectivity is data protection and information security. As a company, we understand the value of our customers' data and take their concerns and expectations of privacy seriously. To ensure the highest degrees of compliance, we subjected the Mira Shower app to a penetration test prior to launch. This entailed ethical hackers attempting to exploit any loopholes in the code. We identified 11 issues with varying scales of severity based on their findings, of which all were addressed prior to launch.

During the set-up process, we give our customers the option to 'opt in' to share information needed for Kohler Mira to improve services, primarily for the analysis of customer information through the Firebase platform by our marketing and app development teams. A monthly report is produced with top level information including the number of app downloads and active users.

The Mira Showers app is currently managed at Kohler group level, allowing us to leverage our internal expertise. To ensure compliance with information security legislation whilst providing the highest quality software, we involved our shared services IT/cyber security team as well as our legal team.



Mira HeatCapture™

A key product that we brought to market in the reporting period was an innovative heat recovery system called Mira HeatCapture™.

This product truly exemplifies Mira's ethos of innovation. A flagship product that directly helps specifiers and new build developers ensure new building projects comply to Standard Assessment Procedure regulations from the onset. HeatCapture™ is designed with a double wall stainless steel heat exchanger, the only one of its kind currently available on the market in the UK. The ridged stainless-steel core ensures wastewater exiting the shower or bath transfers its heat to the cool incoming mains. The technology ensures sustainable and efficient wastewater heat recovery with an efficiency grade of up to 10%.

The only one of it's kind
currently available on
the market in the UK.



Rada Intelligent Care

The Rada brand serves multiple industries, and a key audience is healthcare professionals. We aim to lead the industry worldwide in the development of technologies that deliver solutions that minimize infection and keep hot water safe for vulnerable people.

By developing Intelligent Care, we aimed to reimagine what a tap could be for healthcare professionals, and the role it plays in helping to keep patients safe by minimising the risk of infection. We created a suite of appropriate wash valves, among them ones with intelligent non-touch temperature and flow controls. The health and performance of these taps can be monitored remotely, and thermal disinfection can be programmed securely.

By developing Intelligent Care, we aimed to reimagine what a tap could be for healthcare professionals





03 Better Workplace

Better workplace

We believe in the need to feel fulfilled by what you do. That is why at Kohler Mira we create opportunities for our associates to live and work better. We nurture a culture where our associates can develop and where everyone can achieve their full potential. Driven by Kohler's ambition, we made a commitment to our associates to foster a fair and respectful workplace. We also value purpose-driven individuals who are passionate about our mission to be leaders within our industry. With more than 700 permanent associates, we continuously look to improve our workplace, providing opportunities for professional development and growth and encouraging our associates to individually contribute toward a better world.

700+

Permanent associates



HR and employee engagement

Creating an engaging and supportive workspace is at the core of a strong workforce. Our associates value the working environment we have created for them, which is proven by our strong record of long service (the average tenure for the reporting year was 12 years). We focus on associate retention and place a lot of emphasis on professional development, which is designed by each associate themselves. “You own your own development; you own your own growth” All associates set their own development plans which consist of 70% goals directly related to their job, 20% formal coaching and 10% formal learning of their choice. In addition to on-the-job training, we also have training available through our Kohler Career Management (KCM) platform and a company-wide subscription to LinkedIn Learning which provides associates with a variety of options for training and learning new skills. The courses available are varied and associates can focus on topics such as Excel Essentials, Speaking Confidently and Effectively, Customer Service Foundations and Digital Marketing Foundations.

Mentoring is an essential element of personal growth and we want all our associates to benefit from it. Our global program Bold Mentoring is an internal initiative to which all managers can sign up to, to become mentors. Associates can then find the most suitable mentor based on the requested skill sets. This process enables associates to connect with different departments as well as different entities across the entire Kohler group. Kohler Mira currently offers ‘mutual mentoring’ which

represents a development relationship based on mutual reciprocity. This means that mentees learn from lived experiences and perspectives of other associates representing protected characteristics. In the future, we hope to provide such mentoring with a specific Diversity, Equality and Inclusion (DE&I) focus.

We understand how important our leaders are in developing our people and driving our culture which is why we created a People Leader Forum (PLF) - a community representing over 70 of our people leaders in the business. This community meets once a quarter for training and coaching, to help them effectively deliver the people element of our strategic plan and inspire our people.

To evaluate progress and support our associates on their journeys, we created a global career management platform. Used by managers and associates, the Kohler Career Management platform focuses on two elements: performance and development. It is available to all our associates and used during their performance reviews and to set personal development goals. In addition, the platform is designed to eliminate any discrimination and bias.



Communication

At Kohler Mira, we use various communication channels to maintain a dialogue between the management team and our associates. From regular site visits from the Managing Director to monthly update meetings from department heads, we create opportunities to share ideas, voice concerns and keep everyone up to date with recent business activities. Regular internal communication is maintained through various channels, including emails, video messages, ad-hoc face-to-face discussions, as well as podcasts and social media. To keep associates up to date with all the latest company news, we utilise the Kohler Now app. This multi-channel approach ensures that we have enough touch points throughout the year to successfully reach all our associates.

One of the key tools we use to instigate discussions and provide the opportunity to share feedback are our GLINT engagement surveys. In September 2021 we had a full engagement survey which, among other things, focused on growth, culture and DE&I. We also run topic-specific surveys which are shorter, more focussed GLINT pulse surveys. The most recent one from May 2022 looked at manager effectiveness. We were happy to see that the response rate stayed consistent at around 89%. Aside from these surveys, we always provide opportunities for more personal discussions between managers and their teams, to

understand how associates are feeling and if there are any issues that need to be addressed. A great example of changes implemented thanks to the feedback we received were within the Operations Maintenance Team. A number of areas for improvement were identified such as the ability to disconnect from work during non-work time & the sense of belonging and teamwork. From this a number of initiatives were put in place such as scheduling 45-minute meetings rather than 60, avoiding emailing colleagues who are on holiday, an increase in team building days and tools such as Insights colour profiles to understand each other better.

89%
Survey response rate





A fair and equitable employer

Our compensation and benefits team ensures that we remain a competitive and fair employer. In April 2022, the team conducted an annual pay review, looking at all salaries within each job family. In 2020 we also conducted an internal equal pay audit which showed that, overall, the business has placed associates at the market pay range and bonus level for their role. The audit also showed that Kohler Mira pays associates based on their position range, not based on any personal characteristics.

In addition to a competitive salary, we also offer a wide variety of benefits, including Healthshield cash plan, access to private health care, maternity, paternity and adoption leave, but also more unique incentives such as 50% discount on products, half a day off for every 1-year work anniversary and the possibility of career breaks. Our flexible benefits platform means we can try to accommodate the individual needs and preferences of our associates, giving them the freedom to choose which benefits suit them the most.

COVID-19 had a considerable impact on the workplace, and, like many businesses, we have had to adapt, understanding the importance of flexibility and giving associates the opportunity to choose how they work. Since COVID-19 we formalised our hybrid working policy, which allows associates to work at home on Mondays and Fridays, with in-person meetings only happening on 'collaboration days' (Tuesday to Thursday). While not every associate can take advantage of this policy due to the nature of their work, we are pleased that in 2022, 30% of associates worked under the hybrid policy.

30%
Associates working hybrid

Health and well-being

A healthy work-life balance and wellbeing are essential for our associates to thrive at work. This is why we take a holistic approach towards wellbeing, focusing on mental, physical and financial health. We currently have 15 internal mental health first aiders (trained through Mental Health First Aid England), represented across the different departments, who are available for our associates. This team of first aiders are trained to recognise the signs and symptoms of mental health problems. They are committed to raising the awareness of mental health, promoting ethical behaviour and reducing the stigma surrounding mental health issues. We also partnered with Healthshield, a healthcare programme, which provides free and discounted services to Kohler Mira associates to help with physical and mental health.

In September 2022 we also trained our PLF team in 'Fostering a mentally healthy workplace', run by LifeWorks who provides our Employee Assistance Programme (EAP) service. This session introduced 64 of our people leaders to tools and techniques to support their team's wellbeing and provided them with practical intervention models to address sensitive situations with individuals as needed. We also held a wellbeing week in May where participants got to practice yoga and mindfulness, join in on running sessions, listen to external speakers and received practical information from external financial advisors.

Regarding financial health, Kohler Mira works with partners to provide information to associates on finance management and savings support. For example, more than 300 associates participated in a series of webinars with Scottish Widows, an insurance company, to discuss subjects such as pensions, investments, and retirement planning.

Core to our associate support programme is our Employee Assistance Program (EAP). Powered by LifeWorks and in collaboration with our partner, Generali, the EAP provides specialist support, information, advice and specialist counselling. The service provides 24/7 support for associates, who can discuss topics around Life, Family and Relationship, Health and Wellbeing and Education, Work & Career.

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Mental Health First Aiders



The past year we have focused our efforts on ensuring our workplace is as inclusive and diverse as possible.

Diversity, Equity and Inclusion

At Kohler Mira, we recognise that diverse and inclusive teams are more productive and innovative, key to delivering sustainable innovation. Which is why we carefully create an environment where everyone can feel their authentic self and where gender does not play a role. The past year, we have focused our efforts on ensuring our workplace is as inclusive and diverse as possible through our People Plan and the work of our dedicated DE&I Steering Group. This group comprises four executive members and an HR representative and meets monthly. However, ultimate responsibility for DE&I and ensuring that data is aligned and reported to the Kohler Group lies with the Managing Director.

Our current focus is around gender diversity, as the Engineering and Manufacturing industry is traditionally male-dominated – a trend visible throughout our own workforce with a current 70/30 male/female ratio. While our efforts led to an increase of women; 39% in 2022 compared to 23% in 2021, we are committed to increasing this further. As is common in our industry, we also have a greater proportion of males in more senior roles compared to females (females take on 30% of all executive positions in 2021), which not only creates a gender pay gap but also impacts our internal diversity. Annually, we conduct an Equal Pay Audit (part of our Gender Pay Report) to identify any salary discrepancies at Kohler Mira. This includes analysis by gender, job family and the time spent in a role. In 2021, the median and mean pay gaps were 24.86% and 20.94%, respectively, and the median and mean bonus gaps were 34.63% and 54.85%.

Therefore, to reach true diversity, we set out targets at different levels, starting with the aim to hire 50% of women by 2025 during the hiring process.

To achieve this, and to enable us to develop further targets, we implemented various initiatives. At the first stage, we have a Kohler License to Hire project in place, which allows for a holistic and unbiased approach to recruiting, in line with our cultural beliefs. At the interview stage, we always have a diverse panel for candidate interviews to ensure that we eliminate any biases. In practice this means that there is at least one male and one female interviewer in every interview. We also train everyone who is part of the recruitment process about unconscious biases. In 2021 we extended our efforts around the DE&I topic by engaging with the University of Nottingham to review the language that we use in job advertising, with a focus on inclusivity. Throughout the reporting year, our efforts were successful with 30.8% of the associates we hired being women.

30.8%
New hires being women



Our drive for gender diversity in New Product Development has led to increased collaboration, innovation and engagement from the entire team. This has been enabled through an improved balance of decision making and challenge within the team. The NPD senior leadership team has gone from 100% male to 40% female in just two years.

Continuous education is the basis of ensuring that we maintain an inclusive working environment for our associates. Our People Leader Forum (PLF) helps leaders understand how they can support and make everyone feel heard and included. Part of our efforts is our Respectful Workplace policy, providing guidance for a safe and inclusive workplace, as well as the We Stand Together SharePoint site that communicates Kohler Mira's stance against racism. We also promote the use of inclusive language – associates can specify their preferred pronouns and we ask everyone to refrain from using gender-biased language. In addition, we provide extensive DE&I training covering topics around unconscious bias, inclusive leadership and respectful workforce. Our continuous efforts on this topic led to zero cases of discrimination and harassment being reported in the past year.

Business Resource Groups

At group level, Kohler Co established business resource groups (BRGs). BRGs play a vital role in our DE&I efforts. Led by our associates themselves, BRGs bring together like-minded individuals from around the world to build a community and create a voice for traditionally underrepresented people. While inherently diverse, each BRG is united under a common purpose: to create a more diverse and inclusive workplace.

Launched in 2018, BRGs have engaged more than 1,600 associates around the world. There are currently nine groups present: Ark (Asian associates); BLK Catalyst (Black associates); HeadsUP (mental health advocates); KAVS (Kohler Alliance of Veterans and Supporters); PROUD (LGBTQ+ associates); Namaste (Indian associates); VIVA Kohler (Latino associates); Women at Work (professional women); YPK (Young Professionals of Kohler); BOLD Ability (disability focused). In the UK, we have set up our own Pride committee and are running our first program of Black History Month events in 2022.

Efforts like these enrich our culture and enhance the success of our businesses not only at a global level, but also at a local level.



National Equality Standard Assessment

In 2021, we commissioned Ernst & Young to conduct a National Equality Standard (NES) assessment, evaluating our policies and processes related to diversity, equity and inclusion (DE&I). The process consisted of reviewing our documents; conducting interviews and focus groups with associates and seniors, including the Managing Director; and benchmarking Kohler Mira against all the other organisations that undertook the NES assessment. Out of the 35 measured competencies*, we fully met 18, being the strongest in supporting associate's mental health and wellbeing and in having good review and measuring mechanisms in place. Overall, the assessment found that Kohler Mira has a strong foundation for a successful DE&I program. The assessment also provided us with useful recommendations on what more we can do, to thoroughly embed DE&I practices and achieve the NES certification. Based on these recommendations, we decided to focus on two areas: our recruitment process & organisational buy-in. Reassessment is taking place in November 2022.

*The 35 competencies are grouped in seven pillars: core components EDI; your talent; your business; your people; your leadership; your relationships; and review and measurement.



04 Better Environment

A modern, multi-story building with a large glass facade and a white upper section. The building is situated in an open area with a paved parking lot in the foreground. A white car is parked on the left, and a red car is parked on the right. A fence and some construction barriers are visible in the lower left. The sky is blue with scattered clouds.

Better environment

In 2021, our centenary year, we decided to commit to a better planet in the next 100 years, developing an action plan that lays out how we will reduce our impact on the environment at every stage of our product lifecycle. From reducing the water used in product testing, to committing to remove single-use plastic in our packaging we are committed to incorporating sustainability throughout the entire manufacturing process. Our approach to a Better Environment stems from our 2020-2025 Strategy and its core pillar focusing on the Planet. Our commitment to reach Net Zero Environmental Impact by 2035 builds on our parent company's ambition to not only reach net-zero greenhouse gas (GHG) emissions across operations, but to also divert zero waste to landfill, develop energy and water-saving products, and galvanize others to action.

Our environmental systems are managed in accordance with the ISO 14001 standard. This means we are fully compliant with legal and regulatory requirements and have continuously reduced our process risks from an environmental perspective. Our facilities manager, who is responsible for all our facilities, regularly meets with our Operations Director, who updates the whole Executive Team on a quarterly basis. We also continually innovate around the machinery we use, and the design and build of our production lines are done in-house to reduce our environmental impact.

In the following section, we set out our activities and ambitions around GHG emissions & energy, resource efficiency and waste & pollution.



Net Zero by 2035

Net Zero by 2035

The global ambition of our parent company Kohler is to contribute to a Better Planet through a range of sustainable actions. This involves using 100% renewable electricity by 2035 and net-zero Scope 1 and 2 emissions as well as with waste generated and water waste. Our own Net Zero by 2035 target is continuously aligned with the plans of Kohler. Our original target was a 3% reduction per year for all resources, which is on track to date.

GHG emissions & Energy

In order to reduce our impact on the climate, we have taken measures to reduce our GHG emissions and related energy use. We took these measures to improve the efficiency of our activities as well as to contribute to a Better Planet for all. These renewable energy and energy efficiency measures primarily include investments in material assets, which contribute to a cleaner environment.

Our Scope 1 and 2 GHG emissions account for the majority of our GHG emissions. Compared to 2020, there was also an 8.38% growth in our Scope 1 emissions and an 8.74% decrease in our Scope 2 emissions. Our Scope 1 emissions will have appeared to temporarily grow due to the shifts in operations during the lockdown period experienced in March and April 2020. As we returned to manufacturing and office work, we experienced a rebound effect compared to the baseline year (2020).

Data for 2021	Scope 1	Scope	Scope 3
C02 eq tonnes	1662,45	920	12,58
% of total	64,06	35,45	0,49

To better understand our energy consumption, we have an annual assessment of the entire suite of our machinery in Cheltenham and Hull. This assessment includes the performance of boilers, dust extractors, heaters, and compressors.

In an effort to improve energy efficiency and reduce our dependency on purchased power we replaced T8 and T5 light bulbs with LED bulbs at our Cromwell Road site. This accounts for an overall 261,329 kWh savings.

Next to this, we plan to electrify our whole car fleet. This targets the replacement of petrol and diesel vehicles with fully electric or hybrid vehicles. We will assemble a list of available vehicles for associates to choose from. Of the 62 cars currently in our fleet, 17 are petrol plug-in hybrid vehicles and 2 are diesel plug-in hybrid. (31% hybrid cars)



Efficient Water Use

By nature of our products, we consider the use of water a key material aspect to our products.

In the development phase & production of our products, testing is key to ensure we can provide the highest quality and reliable products. In the past, in order to test the broad suite of shower heads, taps and faucets we used water. In our test lab at our Cheltenham site, where we have to use water to test our products, we use a recirculation process with a 98% efficiency rate. The lost water – due to evaporation primarily – was replaced twice a year when we had to clean and sanitise the full system. Realizing that water is a valuable resource we have changed the process to enable us to reduce this process to once a year. We have also switched the production testing when we build our showering product to testing with air. This is now the primary approach we take with testing new products and when we introduce new manufacturing lines. Our products are 100% production tested and there are multiple tests conducted per product, however we have reduced the water testing to cartridges only and a small number of our commercial products where the performance and reliability is critical to those customers.

98%

Recirculation efficiency rate



Waste & Pollution

In relation to waste and pollution, we track all waste flows including where the waste goes and who collects it. This approach allowed us to eliminate the majority of waste to landfill flow at our Cheltenham site with the majority of bio-based materials going to energy production. Most recyclable materials go to recycling centres. At our Hull site we are also zero waste to landfill through our waste carrier Reconomy. The detailed figures on the waste generated, recycled, and sent to landfill in our various sites can be found in the table below.

Location	Cheltenham & Barnwood (combined)		Cheltenham	Worcester
Period	2022	2021 (until April 2021)	YTD 2022	YTD 2022
Total weight of waste recycled	400.82	677.19	205.65	115.81
Total weight of waste energy	53.63	32.34	14.13	4.71
Total weight of waste landfill	1.37	10.68	0.0	0.0
Total weight of waste generated	455.82	720.21	219.78	120.52

Regarding aerosols and pollutant emissions Cheltenham and our National Distribution Centre do not have any emissions such as smoke or aerosols. The products manufactured in Hull are made from a polyester resin which contains Styrene. This is extracted and emitted to atmosphere, for which we have a licence from the local environment agency. Through some of the product trimming process in the same plant, dust is produced that needs to be extracted, bagged and removed by the waste contractor. In order to mitigate any impact from this, all of the extraction systems have sensors and alarms to detect any dust going to atmosphere.



The construction of the site achieved a “very good” sustainability accreditation from BREEAM.

New National Distribution Centre

The new Kohler Mira national distribution centre is a state-of-the-art facility. This facility reduces the number of inter-site deliveries across the business units, is positioned better to service our customers and the UK population at large, and, in comparison to the previous distribution sites, reduces CO2 emissions dramatically. 60% of the steelwork, which forms the structure of the building was from recycled steel. 8 electric charging points for cars were installed with an infrastructure for over 25 more.

Within the site, there is sustainable automation; the automated cranes create their own renewable energy by capturing the energy created when the cranes operate. The construction of the site achieved a “very good” sustainability accreditation from BREEAM on its construction and fit-out. The site’s energy efficiency is regularly reviewed through the energy monitoring system to identify areas that may have a high baseline energy consumption, showing where energy can be reduced by turning equipment off/on to standby mode. 1,820 solar panels will be installed on the facility’s roof starting in January 2023, creating 500 KW of solar power, reducing CO2 emissions by a further 124,550 kg per year, and making the electrical energy usage of the distribution centre a carbon neutral facility with offsets. Installation will be completed by March 2023.

1820

Solar panels installed



05 Better Communities



Better communities

To have a true impact on the planet, we must also create better and more sustainable communities. Abided by our guiding principles, all our decisions that may have an impact on the community we operate in are thoroughly assessed against sustainability objectives. We can only do this if we have control over our activities. As such, a compliant and transparent supply chain is essential to proactively mitigate any risks to local communities.

We also value the importance of social corporate responsibility and as a company strive to enhance the quality of life of the people around us through charitable work.



Sustainable procurement

While many of our competitors moved to a sourced model (i.e. they procure their products and then resell), we want to maintain full control over how our products are designed and manufactured. As an integral part of the business, we believe it is important to have a responsible supply chain and work with suppliers and partners that share our commitments and values. We also value building relationships with local partners as having large and complex supply chains can often come with great risks. This is why we have a fully UK-based manufacturing, design and engineering process.

To ensure that our suppliers adhere to our high standards, we set out a rigorous process that ensures we eliminate potential ESG risks. This enables us to work with our suppliers to continuously improve. All our suppliers are required to sign our global Supplier Code of Conduct through which we communicate our expectation for our suppliers to conduct their business in the highest legal, moral and ethical standards and align themselves with the UN Guiding Principles. We ask our suppliers to renew their commitment to our Code of Conduct every 5 years. This is currently in progress and we are proud to say that this is already >90% complete. In addition, we have a Global Supplier Quality Manual in place, which sets forth policies that suppliers must abide by. To reinforce both, we also have sustainability aspects imbedded in the Kohler Terms & Conditions, including clauses around ethical conduct, data security, conflict minerals, employment and environmental impact.

Our procurement practices are governed at group level. Through Kohler, we have several initiatives in place to ensure that our suppliers are as responsible and diverse as possible. In 2021, Kohler launched a diverse supplier program to gather data on our spendings with diverse suppliers including minority-owned, women-owned, disabled-owned, veteran-owned, and small businesses. Throughout 2022, we rolled out the new Responsible Sourcing Program with the goal of reducing the risk of human rights and forced labour issues within our supply chain. Part of this program is performing due diligence on our suppliers, including a Supplier Selection Questionnaire, self-assessments and on-site audits for high-risk suppliers. We also carry out routine on-site visits of suppliers, prioritising those with a high modern slavery risk. In 2022, we conducted more than 35 on-site audits. We keep track of supplier performance through our vendor scorecard. Moving forward, we will be focusing on implementing more rigorous screening around bribery and fraud.

While we strive to do our best and work with our suppliers to remediate and prevent issues, we reserve the right to terminate business at any time if we identify gross noncompliance.



Charity initiatives and partnerships

We are passionate about contributing to our communities to ensure the well-being, health and prosperity of the people within them. Throughout the reporting year, Kohler Mira distributed £100k in corporate donations.

We encourage our associates to have a positive impact and provide support to local communities. That is why each associate gets an opportunity to have one paid day to volunteer at a local organisation or charity of their choice. In the past year, Kohler Mira associates used their volunteer days to support Dementia UK & Surfers Against Sewage among others. We also organise various fundraising projects including bake sales, cycling, walking and running challenges. At the end of the year, Kohler Mira distributes all money raised by our associates. In 2021, through the efforts of our associates, we raised £100,000 for Sue Ryder, a local hospice.

When choosing the yearly charity, we want to support, we involve our associates in the process. This ensures that they are directly connected to the charitable work we do. Associates first suggest a charity of their choice, after which all suggestions are put to a vote. This year our associates chose Dementia UK, a charity providing Admiral Nurses for families affected by dementia.

Other community initiatives we invest in are supporting local schools with STEAM initiatives, focusing on women in engineering programs.

We also build relationship with our community through art projects. In the past, we sponsored the Cheltenham Arts Festival and helped to paint Sam's House, a purpose-built home for children undergoing cancer treatment and their families in Bristol.





Cheltenham Town Football Club and Mira Showers

Mira Showers is the principal partner of League One Cheltenham Town Football Club the team local to our Cheltenham HQ. We have sponsored the men's team for 14 years and as of July 2022 we now also sponsor the women's team. This new sponsorship has funded camera equipment for recording matches and supporting training initiatives as well as their own kit for the first time this year. Before this, they would use the men's team's previous year's design. This evolution of the partnership supports our commitment to global gender equality and supporting our local community.

During the reporting period we have introduced several initiatives including funding a mural in the ground to celebrate the 5 league wins in their history and our long-running sponsorship of the team. In April 2022 we invited 3 of the CTFC players to hold a discussion on over-coming stress as part of Stress Awareness Week with an audience of associates. We were also able to return to our annual corporate 5-a-side event with 8 other local Cheltenham businesses, post-Covid. Each year associates are able to vote for the internal Player of the Season and we ran a competition for one associate to attend the final match and present the award to the winning player.

STEAM & Early Careers Initiatives

Kohler Mira has a number of partnerships in the local community, as well as our Kohler partnership with Manchester United. One example of this is our sponsorship of Cheltenham festivals, in the town where our HQ is based.

In June the Cheltenham Science Festival runs and following the overarching theme of the 2022 festival which was 'Be the Change', we showcased our immersive space through a working water model alongside interactive displays to tell the story of Water Scarcity. Our aim was to show children and young adults, ways in which they can sustainably use water, as well as inspire the future generation of STEAM professionals and innovators.

Along with the main objective to teach visitors about the importance of water usage, we encouraged signups for our competition - to win tickets to attend Professor Brain Cox – Horizons or We are the Curious Science Museum in Bristol.

Alongside this we also conducted an inter-school competition with all of the local schools we work with on STEAM initiatives. Five teams competed and were tasked with making recommendations for new or alternative uses for showers that have been replaced in customers' homes. The competition was judged on Innovation, feasibility & practicality and consideration of logistics, with the final three teams invited to present at the festival to a panel of Kohler Mira employees and a guest speaker from the festival to make the final judging.

The overall winning team took home the following prizes:

- £1000 cash for the school to use on STEAM related resources
- £50 Amazon voucher per person in the winning team
- A pair of Manchester United matchday tickets for each person in the team to bring a buddy from their school

They also presented their idea to the full Mira Executive Board.



Training & education

We also seek to help educate others to drive sustainability when using our products. This is not easy as there are limited opportunities to educate our customers – consumers do not switch appliances that often and installers do not actively seek to educate themselves.

We aim to put as much information on our website as well as on the product packaging. This helps consumers to understand that moving towards behaving more sustainably does not mean having to compromise on their showering experience. We also work closely with installers to support them in educating consumers.

Internally, we focus on building relationships with buyers and integrating sustainability within procurement practices. We encourage associates to expand their knowledge of sustainability and to build on it through the work they do.

We collaborate with local schools and are actively widening our network by including alternative provisions in the local area such as Gloucester Hitz.



Apprentices

The primary focus on education is our Early Careers and STEAM talent attraction activity, including hiring apprentices and Year-In-Industry placement students from university. We have a long heritage of Kohler Mira apprentices, dating back over 65 years and have an award-winning programme which currently offers apprenticeships across Engineering, Business, Finance and Supply Chain.

65

Years of apprenticeships



Case Study

Yasmin joined the business in September 2020 as a Business Apprentice, and graduated in the summer of 2022, successfully progressing into a permanent role in the Mira Marketing team as a Marketing Assistant.

Throughout her apprenticeship, Yasmin spent time working in Mira Marketing, Rada and Supply Chain, gaining knowledge on roles in these departments as well as exposure to the wider business.

Apprentices at Kohler Mira are given real business-need projects to work on that contribute to overall business success, as well as many opportunities to personally and professionally develop. The apprentice-run and owned Apprentice Association (AA) encourages cross-functional collaboration and improved team building with a wide range of projects from engineering tasks, STEAM ambassadorship and work experience co-ordination to inspire the next generation of Kohler Mira Apprentices.

“The apprenticeship scheme at Mira is remarkable – the opportunities and levels of responsibility we are given as apprentices is what makes us feel so valued and fuels our development.”



A close-up, slightly blurred photograph of a person's hand typing on a white keyboard. The person is wearing a white smartwatch with a black screen on their left wrist. To the left of the keyboard is a silver laptop with a visible Apple logo. The background is out of focus, showing a desk with some papers and a small container. The overall lighting is soft and cool-toned.

06 Appendix

Appendix: GRI Content Index

Statement of use:
Kohler Mira Ltd. has reported the information cited in this GRI content index for the period June 2021 to June 2022 with reference to the GRI Standards.
GRI 1: Foundation 2021

MATERIAL TOPIC	GRI STANDARD	DISCLOSURE NO.	LOCATION
	GRI 2: General Disclosures 2021	2-1 Organizational details	About Kohler Mira page 7
		2-2 Entities included in the organization's sustainability reporting	About Kohler Mira page 12
		2-3 Reporting period, frequency and contact point	About this report page 3
		2-4 Restatements of information	Not Applicable - This report is our first ESG report
		2-5 External assurance	None
		2-6 Activities, value chain and other business relationships	About Kohler Mira page 12
		2-7 Employees	About Kohler Mira page 12
		2-9 Governance structure and composition	Introduction: Governance page 10
		2-11 Chair of the highest governance body	Introduction: Governance page 10
		2-12 Role of the highest governance body in overseeing the management of impacts	Introduction: Governance page 10
		2-13 Delegation of responsibility for managing impacts	Introduction: Governance page 10
		2-14 Role of the highest governance body in sustainability reporting	Introduction: Governance page 10
		2-22 Statement on sustainable development strategy	Better Lives: Sustainability at Kohler Mira page 16
		2-26 Mechanisms for seeking advice and raising concerns	Introduction: Ethical compliance page 11
		2-27 Compliance with laws and regulations	Better Lives: Technology and innovation page 18 Better Environment page 31 Better Communities: Sustainable Procurement page 40
	GRI 3: Material Topics 2021	3-1 Process to determine material topics	Introduction: Material Topics page 12
		3-2 List of material topics	Introduction: Material Topics page 12
		3-3 Management of material topics	Introduction: Material Topics page 12

Appendix: GRI Content Index

MATERIAL TOPIC	GRI STANDARD	DISCLOSURE NO.	LOCATION
DISCLOSURES PER MATERIAL TOPIC			
Corruption and Fraud	GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Introduction: Ethical Compliance page 11
		205-2 Communication and training about anti-corruption policies and procedures	Introduction: Ethical Compliance page 11
		205-3 Confirmed incidents of corruption and actions taken	Introduction: Ethical Compliance page 11
Anticompetitive Practices	GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Introduction: Ethical Compliance page 11
Packaging Material, Chemicals and Waste	GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	Better Environment page 31
Energy Consumption and Carbon Footprint	GRI 302: Energy 2016	302-4 Reduction of energy consumption	Better Environment: GHG emissions & Energy page 34
Water and Accidental Pollution	GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Better Environment: Efficient Water Use page 35
		303-2 Management of water discharge-related impacts	Better Environment: Efficient Water Use page 35
Energy Consumption and Carbon Footprint	GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Better Environment: GHG emissions & Energy page 34
		305-2 Energy indirect (Scope 2) GHG emissions	Better Environment: GHG emissions & Energy page 34
		305-3 Other indirect (Scope 3) GHG emissions	Better Environment: GHG emissions & Energy page 34
		305-5 Reduction of GHG emissions	Better Environment: GHG emissions & Energy page 34
Packaging Material, Chemicals and Waste	GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Better Environment: Waste & Pollution page 36
Controversial Sourcing	GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Better Communities: Sustainable Procurement page 40
Career Management and Training, Recruitment	GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Better Workplace: HR and Employee Engagement page 23
		401-3 Parental leave	Better Workplace: HR and Employee Engagement page 23

Appendix: GRI Content Index

MATERIAL TOPIC	GRI STANDARD	DISCLOSURE NO.	LOCATION
DISCLOSURES PER MATERIAL TOPIC			
Controversial Sourcing	GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Better Workplace: Health and well-being page 26
		403-3 Occupational health services	Better Workplace: Health and well-being page 26
		403-4 Worker participation, consultation, and communication on occupational health and safety	Better Workplace: Health and well-being page 26
		403-6 Promotion of worker health	Better Workplace: Health and well-being page 26
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Better Workplace: Health and well-being page 26
Career Management and Training, Recruitment	GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Better Workplace: HR and Employee Engagement page 23
Diversity, Discrimination and Harassment	GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Better Workplace: Diversity, Equity and Inclusion page 27
		405-2 Ratio of basic salary and remuneration of women to men	Better Workplace: Diversity, Equity and Inclusion page 27
Diversity, Discrimination and Harassment	GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Better Workplace: Diversity, Equity and Inclusion page 27
Controversial Sourcing Supply Chain Labour Standards	GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Better Communities: Sustainable Procurement page 40
Information Management and Data Security	GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Better Lives: Technology and innovation page 18
Product Quality and Safety		416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Better Lives: Technology and innovation page 18



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SHOWERS

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