

KOHLER®

Social Impact 2018 Metrics Report

Stewardship + Innovation for GoodSM + Sustainability

OUR JOURNEY TO BETTER



For over 145 years, we've sought to live our mission and provide a higher level of gracious living for all those touched by our products and services. To that end, we also strive to leverage our expertise and experience to create a positive social impact across underserved communities around the world.

Kohler's social impact efforts cover three key areas: Stewardship, Innovation for GoodSM (IfG) and Sustainability. Through these, our goals are to strengthen the communities where our associates live and work, bring innovative solutions to the UN Sustainable Development Goals and to reduce the environmental impact of our products throughout their entire life cycles.

We made headway in all three areas in 2018. In fact, we exceeded our environmental sustainability goals. However, even with efforts to increase efficiency and reduce the impact of our manufacturing operations, we have not

decreased our absolute emissions of greenhouse gases. We must become more aggressive in driving efficiency while exploring new technologies, processes and business models.

Looking to the future, I've identified stewardship and sustainability as one of six strategic imperatives for business growth. We're focusing our sustainability strategy on reducing the life cycle impacts of our products through Design for Environment processes. If we continue to drive sustainability through our operations and products, focus our stewardship efforts on the communities in which we live and work, and empower our associates to drive solutions through IfG, we know we can move beyond net-zero to achieve a net-positive impact as a company.

DAVID KOHLER
PRESIDENT & CEO, KOHLER CO.

Our Mission

Every day, our associates live out Kohler's mission—to contribute 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 characterized by self-fulfillment and the enhancement of nature.



WE ARE KOHLER CO.

We believe better business and a better world go hand in hand. This belief touches all we do across all of our brands, products and services, whether we're creating beautiful kitchen and bath products, innovative engines and generators, memorable hospitality experiences or developing clean water,

sanitation, and community development solutions around the world. To put it simply, we strive to enhance the quality of life for current and future generations through design, craftsmanship and innovation fueled by the passion of our associates worldwide.



GLOBAL LEADER

KITCHEN AND BATH,
POWER, AND HOSPITALITY
DESTINATIONS

1

SINGLE LEVEL OF QUALITY

UNITES ALL BUSINESSES
AND EMPLOYEES



LOCATIONS

ON EVERY CONTINENT
BUT ANTARCTICA



\$7 BILLION

IN REVENUE,
90% REINVESTED IN CO.



HEADQUARTERS

KOHLER, WISCONSIN
U.S.A.



FOUNDED IN 1873

ONE OF THE OLDEST PRIVATELY
HELD U.S. COMPANIES



38,000+ STRONG

ASSOCIATES GLOBALLY
WORKING TOGETHER



55+ PLANTS

MANUFACTURING FOR
30+ BRANDS

**SUSTAINABLE
DEVELOPMENT
GOALS**

6 CLEAN WATER
AND SANITATION



7 AFFORDABLE AND
CLEAN ENERGY



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Kohler has aligned its efforts with UN Sustainable Development Goals (SDG) 6, 7, and 12 that mirror our business strategy and project pipeline.



Supporting Victims of Disaster

Reaching out to support communities devastated by natural disaster is something Kohler and our associates have always done. KOHLER® Clarity water filters and KOHLER portable generators play a significant role in helping victims cope with a lack of safe water and power outages in the immediate aftermath of disasters. Now, with the development of the KOHLER Relief trailer, we're able to have an even greater impact.

An output of Kohler's Innovation for GoodSM startup, the KOHLER Relief trailer provides a private, safe place for relief workers to shower after long days of helping others. We work with Operation Blessing to deploy the showering trailer to disaster zones where conditions are often difficult and less than accommodating.

In 2018 the trailer brought relief to volunteers after Hurricanes Florence and Michael as well as during the California wildfires, providing nearly 3,000 showers for relief workers across the U.S. Additionally, individual associates raised over \$5,500 for disaster victims and took part in Kohler's pilot volunteer program to help communities recover from natural disaster.

STEWARDSHIP

Our Stewardship goal is to positively impact the communities where we live and work. We believe there's no better way to do this than by empowering our associates and fueling their passions. With over

55 manufacturing locations worldwide, Stewardship may look a little different in every community, but with 38,000 individual associates taking action, we can accomplish almost anything.

\$13.5M
IN-KIND AND CASH DONATIONS ANNUALLY

} GIVING FOCUSED ON EDUCATION, HEALTH AND WELL-BEING

CORPORATE GIVING

 **\$8.8M**
IN PRODUCT

 **\$636k**
IN SCHOLARSHIPS

 **\$492k**
UNITED WAY - (U.S.A.)

RUN FOR CLARITY

 **10k**
GLOBAL PARTICIPANTS

 **\$80k**
RAISED IN DONATIONS

 **40k**
LIVES IMPACTED THROUGH KOHLER CLARITY® WATER FILTERS*

*THE NUMBER OF LIVES IMPACTED IS BASED ON FILTERS SOLD TO AND POTENTIALLY DISTRIBUTED BY HUMANITARIAN ORGANIZATIONS. EACH FILTER SERVES A FAMILY OF FOUR FOR A YEAR.

INNOVATION FOR GOODSM

Through Innovation for Good (IfG), we aim to create impactful, aspirational and sustainable business solutions that address UN Sustainable Development Goals 6, 7 and 12. IfG consists of three phases. The Experience phase is designed to build awareness

around the issues IfG seeks to address. The Incubation phase serves as a development platform for products and solutions. During the Business Development phase, concepts become products and are commercialized and scaled.

EXPERIENCE

 **981**
ASSOCIATES
PARTICIPATING IN IFG

 **03**
EXPERIENCE EVENTS
AROUND THE GLOBE

 **07**
TEAMS
COMPETING FOR I-PRIZE

INCUBATION

 **\$1M**
DOLLARS SPENT
SUPPORTING INCUBATION

 **03**
I-PRIZE AWARDS
EARNED GLOBALLY

 **21**
ASSOCIATES
ON I-PRIZE TEAMS

BUSINESS DEVELOPMENT

 **12**
BUSINESS PARTNERS
WORKING WITH US

 **680k**
LIVES TO BE IMPACTED
1 KOHLER® CLARITY
FILTER / FAMILY OF 4

 **126k**
KOHLER CLARITY® FILTERS
SOLD IN 2018

Bringing Safe Water to Puerto Rico

The KOHLER Clarity water filtration system was the first product to launch from the IfG startup within Kohler. The idea originated at an IfG Experience, turned into a prototype during Incubation and became a marketable product during the Business Development phase. Working with social impact partners around the world, we've been able to bring safe water to thousands.

KOHLER Clarity filters played a significant role in disaster relief efforts when Hurricane Maria devastated Puerto Rico and other islands. Without a functioning power grid to pump water, lack of safe water and exposure to waterborne illnesses reached crisis proportions.

Kohler's social impact partners stepped in.

Water Mission traveled to Puerto Rico with KOHLER portable generators to get water systems up and running after the hurricane.

Operation Agua emerged as a partnership between the American Federation of Teachers, Operation Blessing and other groups. In one year, Operation Agua raised funds for and distributed 100,000

KOHLER Clarity filters to schools, homes and community centers in Puerto Rico and U.S. Virgin Islands.

In rural areas where water sources often put people at risk of leptospirosis, Proyecto Agua Limpia, initiated by the Puerto Rico Science, Research and Technology Trust, distributed more than 35,000 KOHLER Clarity filters.

SUSTAINABILITY

Since 2008, Kohler’s focus has been on reducing the environmental footprint of its own operations and specific product attributes, such as water use. In 2018, while our sustainability efforts were significant, strong business growth and a fire in our Wisconsin foundry, which shut the facility down for three months, were the primary drivers in reducing our footprint per unit of sales more drastically than in recent years.

We are evaluating our sustainability program based on all product life cycle environmental impacts, including our supply chain, Kohler operations, customer use and

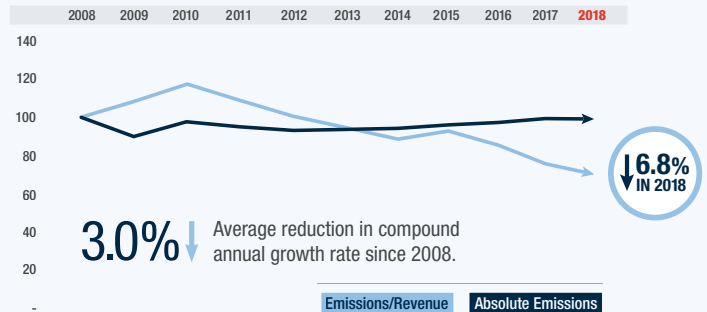
end of life. We use Design for Environment (DfE) thinking and tools to understand the impact of our products. Our goal is that every new product will be DfE-screened by 2021.

As a measure of year-over-year success, we have established the More Environmentally Favorable (MEF) designation, which ensures each new generation of products is better for the environment than the previous generation and, as a company, we’re driving toward our sustainability goals.

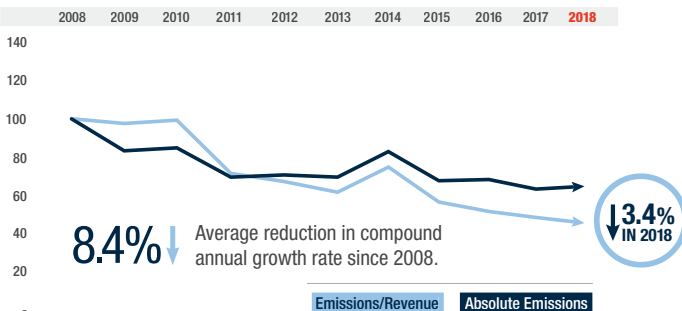
Energy and Greenhouse Gas Emissions

Energy use decreased by 5% and greenhouse gas emissions by 6.8% in 2018. An increase in emissions from our vitreous china department was offset by efficiencies in manufacturing and transportation.

Greenhouse Emissions (2008 = 100)



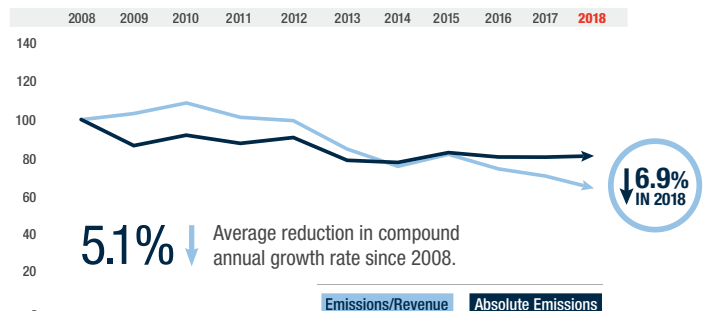
Net Waste (2008 = 100)



Net Waste

A continued focus on finding opportunities for our manufacturing waste led to a 3.4% reduction in waste to landfill. The highlight in 2018 was using two years of pottery cull for an expansion at one of our Mexico facilities.

Water (2008 = 100)



Water Use

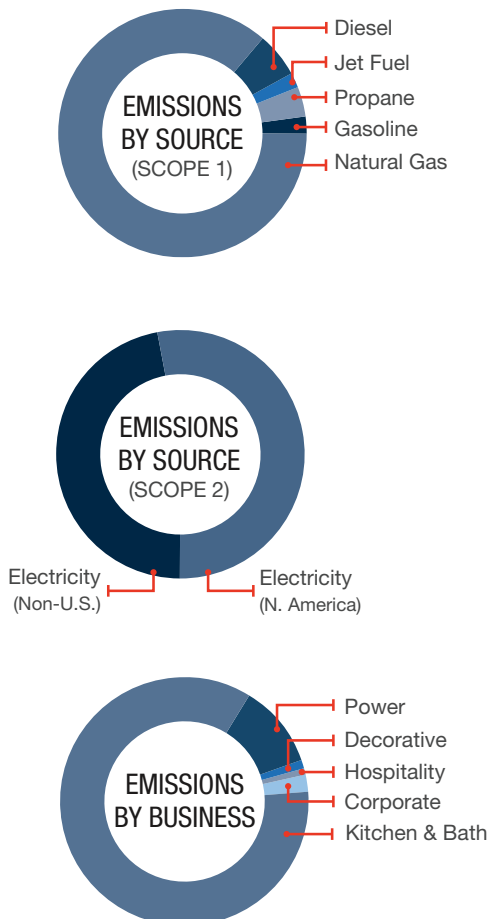
Water use was down by 6.9% in 2018. Increases in vitreous china production volume and expanded lodging operations were offset by the three-month cast iron fire repair.

Greenhouse Gas Emissions by Scope

Our manufacturing processes inherently require energy, which translates to greenhouse gas (GHG) emissions. We measure carbon dioxide, methane and nitrous oxide emissions using the GHG protocol and consider the following:

Scope 1 – fuel that we consume in manufacturing

Scope 2 – fuel used by our energy providers to produce the energy we consume

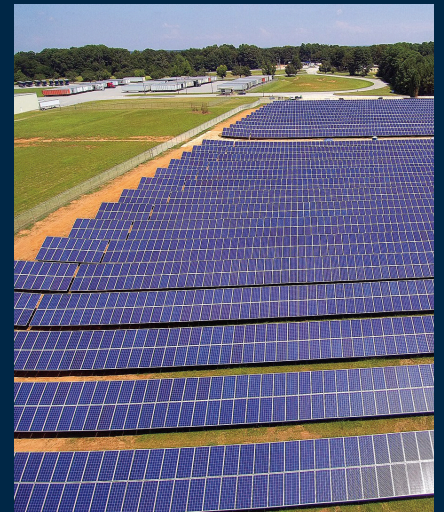


Investing in Renewable Energy

Our energy reduction strategy depends on reducing the energy use in our manufacturing plants and facilities, and seeking opportunities to incorporate renewable energy. Around the world we've implemented 12 solar array projects, including at our facility in Foshan, China, and we recently invested in wind energy.

Working with a leading international solar products manufacturer, JA Solar, Kohler's Foshan campus installed panels on the roofs of five buildings. Long-term, the 2-megawatt project will eliminate the emission of 2,129 tons of carbon dioxide, 64 tons of sulfur dioxide and 32 tons of nitrogen oxides.

In 2018 Kohler invested in our first Purchased Power Agreement (PPA), partnering with Enel Green Power in the Diamond Vista Wind LLC, near Salina, Kansas. Kohler invested in 100 megawatts of electrical generation capacity, which exceeds that needed by all of our U.S. and Canadian facilities and effectively reduces our global greenhouse gas emissions by 26 percent. We will continue employing a mix of onsite and offsite renewable energy projects to meet our greenhouse gas reduction goals.



Learn more about our efforts
at KohlerCompany.com.

The Power of Partnerships

Kohler and our partners are committed to a better tomorrow.

ALLIANCE FOR WATER EFFICIENCY
BILL & MELINDA GATES FOUNDATION
BUSINESS CONNECT
CALTECH
CHINA YOUTH DEVELOPMENT FOUNDATION
CONNECT FOR WATER
EPA WATERSENSE
H2O WORLDWIDE
HABITAT FOR HUMANITY
HILTON FOUNDATION
iDE

JOHN MICHAEL KOHLER ARTS CENTER
NATURE CONSERVANCY
OPERATION BLESSING
OUTWARD BOUND
ROTARY INTERNATIONAL
RTI INTERNATIONAL
UNITED WAY
U.S. GREEN BUILDING COUNCIL
WATER MISSION
WORLD OF ART BRUT CULTURE
WORLD VISION

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chlorine-free and manufactured with 100 percent certified renewable energy.



100% Recycled Fiber



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