

60 YEARS
OF PASSION FOR THE HOUSEHOLD

Tradition

Innovation

Vision

LEIFHEIT

Sustainability report
2018



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The Leifheit Group's sustainability report is addressed to customers, business partners, shareholders and employees, as well as all other stakeholders who are interested in our company's values and principles. Our sustainability report covers Leifheit AG and the companies controlled by it. Deviations are noted accordingly.

As part of this sustainability report, the Leifheit Group has prepared for financial year 2018 a separate non-financial Group report as defined under sections 315b and 315c, in conjunction with 289c to 289e, German commercial code (HGB), which is publicly available on the Leifheit website.

This report was not subject to an external audit. The 2018 consolidated financial statements of the Leifheit Group and the corresponding combined management report, as well as the separate financial statements of Leifheit AG, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft.

Leifheit does not use any nationally or internationally propagated sustainability reporting framework for the separate non-financial Group report. However, we use the criteria stipulated by the German Sustainability Code and the standards of the Global Reporting Initiative as a frame of reference. Our principles are consistent with the Business Social Compliance Initiative (BSCI), the Conventions of the International Labour Organisation (ILO), the United Nations Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, the UN Convention on

the Elimination of All Forms of Discrimination against Women, the Principles of the UN Global Compact and the OECD Guidelines for Multinational Companies.

Materiality

In 2017, we initially held an internal workshop to define the focus of our sustainability concept with the goal of recording the sustainability aspects from our strategy that we deemed relevant, as well as stakeholder interests and demands. We divided the topics identified in this manner into the categories "Management and processes", "Products and solutions", "Supply chain and production" and "Employees and society". In a second step, the identified topics were additionally subjected to a materiality review in accordance with section 289c (3) of the German commercial code. This assessment was validated in 2018.

Non-financial topics are deemed to be material within the meaning of section 289c of the German commercial code if they have a major impact on CSR aspects (environment, employees, human rights, social issues and anti-corruption) and are relevant to the company's business activity (business performance, outcomes, situation). Our customers' trust and satisfaction, an efficient value chain, and dedicated and highly trained employees are material to the Leifheit Group's business success. The topics for the non-financial Group report were identified against this background.



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Non-financial report index

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The portions of the non-financial Group report in accordance with section 315b of the German commercial code in conjunction with section 289c et seq. of the German commercial code in this report are marked with a vertical line.

In this sustainability report, we also describe measures and initiatives by the Leifheit Group that demonstrate our wide-ranging commitment to corporate responsibility. Specifically, we take respecting human rights in the supply chain seriously and report on the topic on page 29, even though it is not relevant to the assessment of the Group's net assets, financial position and results of operation.

External links guide readers to websites with further information that is not part of the non-financial Group report.

For reasons of readability, we have not used both male and female gender descriptions in this report. At all times, however, we mean persons of both male and female genders.

Responsibility within corporate management

The Board of Management bears the ultimate responsibility for sustainable conduct. It defines the strategic focus of the Leifheit Group. Within the Board, the Chief Financial Officer is responsible for matters related to corporate social responsibility (CSR). Those in charge of the operational areas are responsible for implementing strategic measures in day-to-day business operations. Sustainability topics are not isolated in a separate department. Instead, they are conceptualised and handled in business processes.

Sustainability reporting is handled by a central Board of Management department that coordinates the reporting process in close cooperation with the employees of various different operational areas.



Our business model

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For 60 years, we have been among the leading providers of household products in Europe. Through our innovative solutions, we are constantly helping to make everyday life at home easier and more convenient.

The Leifheit Group divides its operating business into Household, Wellbeing and Private Label segments. Leifheit and Soehnle products – two of Germany's best-known brands – are known for high quality and great utility for consumers. They constitute our strategic core business. With our French subsidiaries Birambeau and Herby, we maintain a market presence in the service-oriented Private Label segment through a selected product range that is primarily marketed as private-label brands.

Our innovative strength and our core areas of expertise in the product categories of cleaning, laundry care, kitchen goods and wellbeing form the basis for successful business activities in our three business segments. Laundry care products, accounting for around 40% of turnover, are the largest product category. We generate 34% of Group turnover with cleaning products; some 17% of Group turnover comes from kitchen goods. The wellbeing category accounts for around 9% of turnover. We develop our products using our own in-house development departments. This is especially beneficial for the Household and Wellbeing segments, which are driven by innovation.

The Leifheit Group has more than 1,100 employees. Headquarters and management of Leifheit AG are still located in the place where the company was founded in Nassau/Lahn in the German

state of Rhineland-Palatinate. We operate 15 locations and branches of our own, including five logistics and production sites in Germany, the Czech Republic and France. Production takes place at our own production plants, as well as at the facilities of suppliers located in various countries in Europe and Asia.

Through our international distribution activities, we sell our products in more than 80 countries worldwide. Our key sales markets are our domestic market of Germany, accounting for a share of around 42% of turnover, and the countries of Central Europe, with a share of approximately 43%. The sales and distribution region of Central Europe includes the Netherlands, France and Austria, for example. We currently generate around 12% of our turnover in Eastern European markets, such as the Czech Republic, Poland and Slovakia.

We focus our sales and marketing activities on European target markets. In addition, we are intensifying our efforts in the Asia/Pacific region. In other regions outside of Europe, such as in the US and the Middle East, we distribute our products mainly through distributors and conduct spot business if corresponding market opportunities present themselves. Non-European markets currently account for roughly 3% of Group turnover.

Additional information can be found in the combined management report of the Leifheit Group in the chapter "Foundations of the Group". > [Annual financial report](#)



Our sustainability concept

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Our aspiration is: “We are your leading experts for solutions that make your everyday life at home more easy and convenient.” Our strategic principles, a source of guidance for the future, are based on this vision. Throughout it all, the focus is always on the needs of consumers, which we aim to investigate and understand with increasing accuracy. We offer them consumer-relevant products of exceptional quality at all times, as well as best-in-class service and direct communication. For our retail customers, we develop tailored product-range and presentation solutions across all channels – online and offline. An efficient and flexible supply chain helps us keep our business profitable and safeguard our cash flow. At the same time, the digitalisation of processes and services is an integral part of our strategy. The basis for our success remains our employees and their dedication to providing extraordinary commitment every day.

These principles guide us and provide the basis for the main areas of focus when it comes to sustainability. Based on our relationships with consumers and retail customers, investors and the capital market, suppliers and our employees, we have our sights set on the following areas of focus:

1. management and processes,
2. consumer-relevant products and solutions,
3. an efficient supply chain and production processes designed to conserve resources, and
4. our employees and our social commitment.

Our sustainability concept's areas of focus

Management and processes

- We are systematically developing the Leifheit and Soehnle brands and enhancing their profiles.
- We are investing in our customers' satisfaction through improved services for consumers and tailored concepts for retail – online and offline.
- Through our compliance management system, we assist our employees in observing the binding laws and guidelines for their work.
- We are investing in supply chain efficiency while promoting the digitalisation of processes.

Products and solutions

- Our consistent focus is on the needs of consumers. We offer them best-in-class service, as well as easy and convenient product solutions of convincing quality and durability.
- In order to ensure our long-term innovative strength, we are further expanding our abilities to create innovative products for consumers.
- We are investing in the digitalisation of products and services.



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Supply chain and production

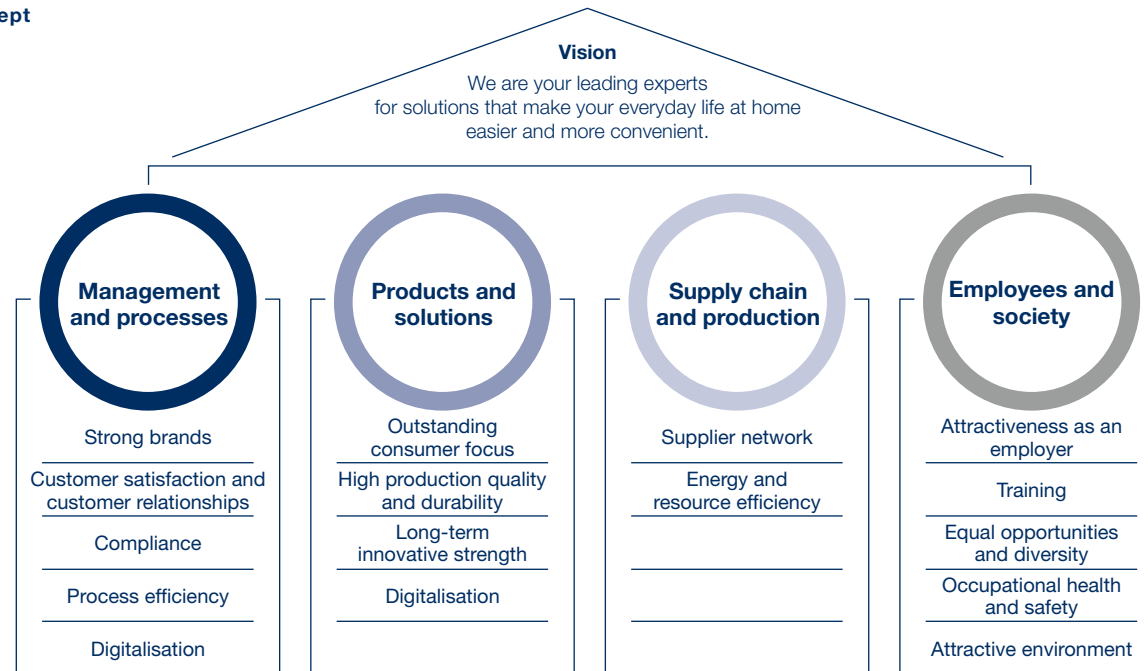
- We rely on an effective and efficient supplier network that meets our social and environmental standards.
- We pay attention to energy and resource efficiency during the manufacture and transport of our products, and we focus on the efficient use of materials.

Employees and society

- We are further enhancing our attractiveness as an employer, investing in our employees and providing opportunities for training and development.

- We make flexible working hours a reality and offer fair remuneration in line with the market.
- We create an appropriate, safe work environment and sensitise our workforce to preventing health issues through corresponding activities.
- We promote a working environment that welcomes diversity. Our diversity management focuses on the three aspects of our workforce's gender, age structure and internationality.
- At our company's locations, we make a contribution to an intact and attractive environment by supporting charitable projects and non-profit organisations.

Sustainability concept



Stakeholder dialogue: consumers and retail customers, investors and the capital market, suppliers and employees



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Risk management for non-financial aspects

Strategic management of opportunities and risks serves as the basis for the value-oriented development of the Leifheit Group. We have therefore set up an opportunity and risk management system that helps identify opportunities and risks early, analyse them and take suitable measures. More detailed information on the risk management system can be found in the combined management report of the Leifheit Group in the opportunities and risk report. > [Annual financial report](#)

The goal of our risk management system is to determine what adverse effects risks could have in defined risk areas, such as the business situation, net assets, financial position and results of operations or our image. Risks are also analysed to determine whether they pose a danger to Leifheit as a going concern. Sustainability aspects are also taken into account within the scope of the following Leifheit-specific risk areas:

- Management and organisation, including
 - Employees (availability, expertise)
 - Conduct (compliance, fraud)
- Environmental factors, including
 - Availability of resources, employees, raw materials
- Customers and markets, including
 - Customer satisfaction and customer loyalty
 - Image and reputation (including the observance of human rights)
- Innovations and product development, including
 - Innovation management
 - Product liability
- Operational performance processes, including
 - Environmental hazards and occupational health and safety

In addition, a separate process records and evaluates the risks associated with the company's business activities, business relationships and products, and risks that have the potential to impact the environmental, employee, social, human rights and compliance aspects described in section 289c of the German commercial code.

No material issues became known in the reporting year which result from the Leifheit Group's operations and have or will have a highly adverse effect on the non-financial aspects described in section 289c of the German commercial code or which are extremely likely to occur.



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Stakeholder dialogue

Dialogue with stakeholders is essential to responsible corporate governance. In acknowledgement of this, Leifheit seeks constructive dialogue with its stakeholders.

Constant exchange promotes our understanding of the requirements and needs of all sides.

Our key stakeholders



Consumers and retail customers



Investors and capital market participants



Employees



Suppliers

We consider groups that have a material influence on the development of our company or are affected by the company's decisions to be stakeholders. We also communicate with the general public, by which we mean media, associations, initiatives, municipalities and civil society



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Consumers and retail customers



We encourage and maintain contact with consumers and our retail customers, with whom we aim to achieve a partnership guided by mutual success. Against this backdrop, we support our retail customers through a key account management approach centred on distribution channels and through our field sales teams.

We involve consumers in our product development process at an early stage by way of consumer research. Our goal is to be even closer to the consumer, to react to enquiries as quickly as possible and to understand the current needs of our customers. We have therefore taken measures to further improve our communication and our consumer service. In addition, the analysis of product reviews on online portals gives us insights into how consumers perceive our products and our service. By closely involving our consumer hotline, the development team and quality management, we ensure that consumers' comments and criticism are taken into account. Our websites > leifheit-group.com, > leifheit.com and > soehnle.com, as well as social media accounts on platforms such as Facebook, offer consumers direct contact options.

Investors and capital market participants



Open communication with institutional and private investors, as well as with financial analysts, is a matter of course for us. We aim to provide the capital market with information about all relevant developments and events at our company in a comprehensive, prompt and transparent manner. We are guided in the process by the provisions of the German stock corporation act and capital market law, the recommendations of the German Corporate Governance Code and the more far-reaching transparency standards of the German stock exchange for the Prime Standard segment, where the shares of Leifheit AG are traded.

Through analyst conferences, and by participating in capital market conferences and roadshows in major European financial centres, we provide analysts and investors with opportunities to have direct contact with the Board of Management. Our Annual General Meeting offers our shareholders a forum for direct dialogue. Our website also allows anyone interested to get to know the Leifheit Group and its brands and products. In the Investor Relations section, we publish all key information related to our shares, the strategy and the key financial figures of the Leifheit Group, as well as the financial calendar, financial reports, quarterly statements, press releases and presentations. Opportunities to contact the company are also available there for people who have questions or comments.



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Employees



We value openness and trust in internal communication. Against this backdrop, the Board of Management explains the Group's current business situation, key decisions and strategic measures in person at regular staff meetings at the German locations.

The regular exchange of information between the workforce and plant management also takes place at our production and logistics site in Blatná, Czech Republic.

In addition, we offer our workforce supplementary information and dialogue formats. The annual appraisal meeting with direct supervisors plays a central role here.

Regular informal meetings with individual members of the Board of Management and employees from various areas in a personal conversational atmosphere round out the opportunities for dialogue.

We also conduct employee surveys on job satisfaction, leadership quality and leadership culture at our German locations at regular intervals. The goal of these surveys is to derive measures for further improvement.

Suppliers



Trusting cooperation with suppliers enables us to create technical developments that result in an innovative product portfolio and long-lasting products. Sustainability topics such as saving materials and reducing the use of raw materials are taken into account in the development phase.

General public

We answer questions from relevant business, financial and trade media, as well as the local media, as part of at least one annual press conference, as well as in interviews and at press events. We are also in contact with various professional organisations and interest groups, such as the German Brands Association, the German parquet industry association Verband der Deutschen Parkettindustrie, the main German hardware retail association Zentralverband Hartwarenhandel (ZHH) and the German investor relations association Deutscher Investor Relations Verband (DIRK). In addition, we engage in regular dialogue with municipalities and civil society at our locations and take their needs and concerns into account.



Our brands

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Our growth strategy centres around the further expansion of our strategic core business involving the Household and Wellbeing segments. We intend to systematically develop the Leifheit and Soehnle brands, enhance their profiles and strengthen their competitive positions.

For 60 years, Leifheit has been one of the leading brands for household products in Germany and many European markets. The brand offers product solutions in the cleaning, laundry care and kitchen goods categories that are easy to use while delivering the perfect result. Outstanding functionality, durability and high quality – people across generations have associated these attributes with Leifheit. We will continue to focus on these values in future while positioning Leifheit as a modern brand that helps people in today's ever faster-paced world by making housework easier and the home more attractive – so that there is more time for the important things in life. The claim "How housework's done today", developed in 2017, and a fresh brand identity across all channels of communication underscore this positioning.

> Brand positioning

Ever since it was first founded in 1868, the Soehnle brand has focused on pronounced ease of use, innovative technology, superb quality and outstanding design. Today, more than 150 years later, Soehnle is among the leading providers of bathroom and kitchen scales. With market share of 28.7% for bathroom scales and 39.2% for kitchen scales, Soehnle is the market leader in Germany. The brand's strength is precise measuring, weighing and analysis, which is what Soehnle exemplifies. This strength is the foundation on which we build. With new categories of products, such as blood pressure gauges, fitness trackers and air treatment, in addition to the innovative Soehnle Connect app, Soehnle draws on its brand expertise to help people stay in shape and to live healthier – consciously!

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We develop durable, high-quality products that make everyday life at home easier and more convenient. Our products should provide consumers with outstanding benefits while also having a minimal impact on the environment – during production, in use and after disposal. We start laying the groundwork for achieving this goal during product development.

Innovation strategy and product development process

In our innovation strategy, we have defined a balanced and promising product pipeline for the years ahead that calls for different divisions to work hand in hand efficiently. Development and product management take an in-depth look at consumers' needs when it comes to their daily housework. They then use this information to derive potential improvements to existing solutions and assess opportunities for new products. After that, designers and developers get to work on innovative ideas and new concepts. A network of international suppliers and innovation partners support us in implementing our ideas. Consumers, whom we involve in our product development process at an early stage by way of consumer research and usability tests, provide us with important feedback. Our design credentials help ensure that our new products are not only easy and convenient to use, but also aesthetically appealing. Even after launch, we remain close to consumers and their needs. To this end, we have increased our focus on our consumer hotline and on evaluation product reviews on online portals. All of this helps us to constantly improve the practical utility and quality of our existing products while also quickly launching demand-driven innovations.

The key features of our innovation strategy include:

- Constantly improving the existing product range and accelerating the development of new products
- Making product development more efficient
- Integrating consumers into the product development process
- Establishing an international strategic network of innovation partners
- Emphasising our design credentials
- Ensuring a high degree of practicality and product quality

Sustainability aspects in product development

Leifheit takes sustainability aspects into account throughout the development process. At the beginning of the product development process, we define the requirements for the product in a detailed specification document, which also takes sustainability aspects into particular account. During the development process, we perform failure mode and effects analyses. Doing so enables us to assess the fulfilment of all required aspects through the specific product design and, if necessary, to make adjustments. Verification tests are conducted at the end of the development process to ensure that the product truly meets all defined requirements.



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We start laying the groundwork for conserving resources during production in the development and design phase. Our objective is to engineer plastic and metal pieces in a way that it is possible to manufacture them through an efficient use of materials and with a production set-up that uses as little energy as possible. We employ computer simulation programs (known as finite element programs) for this purpose. They help engineers design parts that are highly durable and as light as possible, and assist in optimising the plastic injection process in a way that enables the use of injection moulding machines which are as small and energy-efficient as possible. We also specify during the development phase the extent to which recycled materials (e.g. plastic granulate) can be used in production.

We take steps towards conformity to ensure compliance with applicable regulations, guidelines and laws in the manufacturing of products, their use and finally disposal, including

- the European Directive on Waste Electrical and Electronic Equipment (WEEE),
- the relevant European directives and regulations on restricting the use of certain hazardous substances (RoHS, REACH, PAH etc.) and
- the European Directive establishing a framework for the setting of ecodesign requirements for energy-related products (the Ecodesign Directive).

Product safety

Our products are tested extensively for health and safety risks that consumers may encounter. Independent testing institutes such as VDE, DEKRA or TÜV are also involved in the process. Many of our products undergo GS testing, for example. The globally recognised GS mark confirms that our products meet the quality and safety standards of the German product safety act (ProdSG).

Ironing board with Air inflate function: Leifheit Air Flow M Solid Plus

The Air inflate function creates an air cushion for stress and wrinkle-free ironing. The Thermo Reflect cover with steam and heat reflection for the iron's quick and easy glide provides a double-sided iron effect. It's lightweight thanks to the patented EPP ironing board frame.



A dryer at the push of a button: Leifheit LinoPop-Up

Practical and comfortable one-handed operation for quick and easy opening and closing. Compact, light and space-saving to store: ideal for the home or whilst caravanning and camping.





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Our products

We have high standards for our products in terms of their quality and workmanship, but above all their functionality and the results they provide.

Many of our products work without electricity. As a result, our Leifheit rotary dryers and laundry drying racks are much more eco-friendly than electric dryers that consume electricity. If the use of electricity cannot be avoided, such as with vacuum cleaners, we look to efficient, energy-saving systems that can be powered with batteries, whenever possible, instead of appliances that consume a great deal of electricity provided by mains. In cases where high performance and mains voltage are unavoidable, we develop smart solutions to minimise energy consumption. The Leifheit CleanTenso steam cleaner, for example, features an ergonomic steam button that ensures steam is only generated whenever it is actually needed.

The energy savings associated with the manufacture and use of our products is one consideration. Another aim is to manufacture long-lasting products, as a long product life cycle likewise markedly improves our products' eco-efficiency. We achieve this objective by ensuring the high quality, functionality and durable design of our products.

Effortlessly streak-free: Leifheit Window Vacuum Aquanata Click

Effortless streak-free, zero drops – for all smooth surfaces. 360° application. Click System for a wide range of applications with a handle.



Extendable: Leifheit Classic Extendable 230 Solid

Extendable laundry dryer. XL drying lengths for large items of washing. XL drying rails for crease-free drying. Perfect for long items of washing. High stability.





Marketing and distribution

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The Leifheit Group distributes products through all relevant channels, from classic bricks-and-mortar retail to pure e-commerce. We offer our retail customers a wide range of services and support at the point of sale (POS) – both online and offline. We reach consumers with multi-channel, target-group-oriented communication measures.

New paths to the customer gain importance

We sell our products where consumers want to buy them and can be found in all the relevant sales channels. At the same time, consumer shopping habits have changed significantly in recent years. As a result, the importance of new sales channels continues to increase. E-commerce and bricks-and-mortar retail are simultaneously converging to create interactive cross-channel services. Linking the online realm with the physical world challenges retailers and manufacturers equally. Leifheit is adjusting to these changes.

In financial year 2017, we switched our sales force in Germany from independent sales representatives to salaried travelling staff. This investment allows us to do a better job of leveraging existing potential at the point of sale while intensifying our ability to serve our retail partners. In 2018, we launched projects aiming at efficiently linking online and offline sales channels and making better use of the potential in e-commerce. The aim is to centrally coordinate online activities throughout Europe, create a common platform for them and set up our own online store.

We also initiated steps to further internationalise our company in the reporting period. We plan to invest more in the expansion of our brands in selected Eastern European markets, especially Poland and the Czech Republic, in financial year 2019. In 2018, we also founded a distribution company in China in order to expand our business in the Asia/Pacific region as well.

Our goal is to be even closer to the consumer, to react to enquiries as quickly as possible and to understand the current needs of our customers. We therefore took measures to further improve our communication and our consumer service in the reporting period.

Multi-channel communication

In order to advance the positioning of the Leifheit and Soehnle brands in our target markets, we seize on all relevant channels of communication. The boundaries between these channels are growing ever more blurred, and consumers use online and offline channels to the same extent. We are therefore adapting the communication mix to the changing media usage by our target groups. We are developing multi-channel measures that provide the consumer with a consistent brand experience. The main thrust of communications via traditional as well as digital channels occurs at the point of sale, where consumers make their purchasing decision.



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Focal points in the product categories

Our marketing and distribution activities in the reporting period also focused on the launch of new products – particularly in the Leifheit laundry care and cleaning product categories, as well as for the Soehnle brand.

In the cleaning category, the focus was on the launch of the wireless Regulus PowerVac 2in1. In the vacuum cleaner, we have combined proven brush and sweeper technology with suction power to transform both technologies into a well-engineered product for convenient dry floor cleaning. By launching the CleanTenso steam cleaner, Leifheit has combined its experience in wipe cover technology with the powerful performance of a steam cleaner. In the reporting period, the focus in the laundry care product category was on the LinoProtect rotary dryer – the first rotary dryer including a roof. It protects clothes against rain, UV-rays and dirt. We also added two new products to the wall and hanging dryer segment. In the kitchen product category, we once again focused on the continued preserving trend among consumers and expanded the product range to include colourful jars and bottles.

Our focus with the Soehnle brand in 2018 was on the launch of the dishwasher-safe Page Aqua Proof kitchen scale. With the aim of strengthening brand awareness and achieving clear product differentiation, Soehnle developed an innovative design concept featuring a clear, unique design language and overhauled the entire bathroom scale range in 2017. In the reporting period, the range of glass kitchen scales was also adapted to the new design concept. Other focal points in the reporting period included the enhancement of the Connect app and the addition of further product categories, such as blood pressure monitors and air purifiers. The range of air humidifiers was also expanded to add a new product.

100% waterproof: Soehnle Page Aqua Proof

Kitchen scale with patented, water-proof casing. Can be cleaned under running water or in the dishwasher, with a weight-capacity of 10 kg, a large weighing surface and easy usage. Outstanding, TÜV-tested quality.





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Awards for brands and products

In 2018, many of our products were tested, certified or received awards for their innovation, user-friendliness and product quality. We take a closer look at the various test results and initiate measures to improve our products if necessary. In financial year 2018, for example, the Leifheit Regulus PowerVac 2in1 cordless vacuum cleaner received four awards, including the coveted Plus X Award. At the same time, it was named Best Product of the Year 2018. The CleanTenso steam cleaner also received two awards, including the Plus X Award for high quality, design and functionality.

The Plus X Award honours advancements in product quality and innovation and recognises deserving brands in general with its Best Brand of the Year seal of approval, which was awarded to Leifheit in 2018.

Awards for Leifheit

Regulus PowerVac 2in1 cordless vacuum cleaner



CleanTenso steam cleaner



Leifheit brand



Soehnle scales and fitness trackers received positive test results in 2018, as well as various certification and recommendation seals. The dishwasher-safe Page Aqua Proof kitchen scale and the Shape Sense Connect 200 body analysis scale were among the products recognised. Both scales received the Plus X Award for Innovation, High Quality, Design and Ease of Use, while the Shape Sense Connect 200 was named Best Product of the Year 2018.

Awards for Soehnle

Page Aqua Proof kitchen scale



Shape Sense Connect 200 body analysis scale





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The Leifheit Group has three production locations of its own. They are situated in Nassau (Germany, home of Leifheit AG), in Blatná (Czech Republic) and La Loupe (France). Blatná is the Group's most important production location and is where the majority of our in-house production activities are concentrated.

In financial year 2018, as in the previous year, approximately 54% of the goods we supplied were manufactured using the Leifheit Group's own production capacities within the Leifheit Group. We pay attention to high levels of efficiency in production processes and in the use of materials and energy. We also rely on a network of partners and suppliers, especially in Eastern Europe and Asia.

Fast and efficient logistics are essential to the international growth of the Leifheit Group. Our central distribution centre in Zuzenhausen, with its logistics satellite in the Czech Republic (Blatná) and a new logistics platform in Asia, form the foundation for the efficient and on-time global distribution of our products.

Our organisational structures and SAP-based processes enable us to respond flexibly and efficiently at our production sites and logistics centres to market and customer demands. At the same time, further improving the efficiency of our internal processes is a strategic goal. In 2018, we started optimising the order-to-cash (OTC) process at the point where distribution and logistics information intersects.

The use of process mining enables us to analyse and further improve our processes. In particular, the standardisation of returns processes, SAP scheduling with order processing times, the introduction of SAP Yard Management and integrated freight cost controlling systems with a service provider interface, as well as fast and lean incoming order processes with the parallel introduction of SAP at the Blatná location, are set for completion in 2019 and will lead to faster, error-free and efficient supply chain processes.

Procurement

In terms of procurement, we mainly purchase raw materials, components and merchandise held for resale, in addition to energy and services. We draw on a network of qualified suppliers to ensure a continuous, cost-optimised supply with a high level of quality.

In financial year 2018, we successfully took further steps to reduce dependence on currency risks and replacement times.

Logistics

The Leifheit Group's central logistics hub is the distribution centre in Zuzenhausen, in the north of the German region of Bade, where we employed 122 people at the end of 2018 (2017: 118). In 2017, we invested in a new building extension at this location, where an optimised parcel delivery processing system commenced operation in the reporting period in order to optimise meeting the demands associated with the growth in e-commerce.



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This development made it possible to handle the roughly 20% growth in the volume of parcels delivered directly to consumers in 2018. The new space also set the stage for innovative approaches to automation with regard to small parts picking and packaging.

The distribution centre now uses the loading spaces that have opened up to internally consolidate all shipments – this used to be handled using the platforms provided by shipping companies. This change has allowed us to generate substantial benefits through the extension of cut-off times and the increase in the delivery quality and punctuality of our shipments to customers since mid-2018. We were also able to reduce our delivery process by one day and supply our customers even faster as a result.

The use of Pick-by-Vision as part of picking and warehousing processes aided by augmented reality began in the reporting period and led to gains in efficiency and quality in logistics.

We plan to further strengthen our distribution activities in selected Eastern European markets. Since mid-2016, our logistics activities have been complemented by the Leifheit Distribution Center Eastern Europe at our location in Blatná, Czech Republic. The logistics site in Blatná, featuring 4,500 square metres of logistics space, has made it possible to directly link the Eastern European growth markets to production. By integrating the manufacturing site into our logistics for European distribution, we expect to significantly reduce our annual CO₂ emissions.

In 2018, we also took steps to intensify our distribution activities in the Asia/Pacific region. Besides founding the distribution company Guangzhou Leifheit Trading Co., Ltd., Leifheit partnered with a logistics service provider to set up a small-scale logistics hub near the eastern Chinese city of Ningbo in the fourth quarter of 2018 to deliver selected product ranges directly to customers in the Asia/Pacific region.

Manufacturing and production

The plant in Blatná, Czech Republic – at roughly 25,500 m², the largest in the Leifheit Group – produces laundry dryers, ironing boards and cleaning appliances in particular. Our subsidiary Leifheit s.r.o. employed 451 people there as at the end of 2018 (2017: 481).

The construction of a tool warehouse with a capacity of more than 500 injection moulding tools set apart from the production buildings created space for new manufacturing equipment.

In the reporting year, we expanded production by an annual capacity of roughly 85,000 boards by insourcing active ironing boards, and by a capacity of approximately 20,000 boards by ramping up the production of Air Flow ironing boards. We use the efficient laser welding process for the production of an optimised metal ironing board, allowing us to save even more resources.



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At the powder-coating facility opened in 2017, we installed an additional Power & Free conveyance system for the transport of parts to be powder coated, shortening distances at the plant by approximately 35%. Furthermore, intelligently engineered air curtains behind the facility's drying and melting furnaces are helping reduce thermal heat losses by roughly 20%.

With 61 employees (2017: 62 employees), Leifheit AG operates an injection moulding plant and a highly automated production line for rotary dryers in Nassau, Germany. In the reporting period, almost 265,000 rotary dryers were produced in Nassau, which was roughly on par with the previous year.

Constant technical improvements to equipment and our employees' outstanding professionalism and flexibility made it possible to produce these quantities without downtime.

Our French subsidiary Herby, located in La Loupe, chiefly produces tower dryers, classic dryer racks and wall dryer racks for the Private Label segment. As at the end of financial year 2018, it had 86 employees (2017: 83 employees). The integrated manufacturing process includes metal forming, surface finishing and injection moulding.



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Resource management

Efficient use of resources without compromising on quality

One of our important strategic principles is a high level of efficiency in the value chain. In addition to efficient processes, the continuous improvement of resource efficiency in production plays an important role in this. This not only helps to protect the climate and the environment, but also saves costs and guarantees our competitiveness.

We therefore emphasise the efficient use of materials in the manufacturing of our products in order to counteract the growing scarcity of resources and rising prices of commodities. We already take this issue into consideration during the product development phase. At the same time, it is of the utmost importance to us that we continue to live up to our high standards for product quality, functionality and durability.

Use of resources

In financial year 2018, we used a total of 16.9 kilotonnes of raw materials and semi-finished goods (2017: 17.0 kilotonnes) in the manufacturing of our products. The majority of that comprises metals in the form of steel and aluminium, as well as plastic granulate, and paper and packaging material. Consumables and supplies, in addition to electronic components, are used as well. Water comes into play during the injection moulding process and for cleaning metal parts in the powder coating process.

Waste is recycled and reused to a large extent. Only small amounts of hazardous waste are generated during the production process, and they are disposed of in line with statutory regulations at specified landfills. No hazardous emissions occur during the manufacture of our products.

The bulk of our electricity consumption occurs in the production process during the processing of plastics; as a result, it should be viewed in relation to the utilisation of production capacity. Gas and heating oil are also consumed for heating purposes.



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Consumption data development

We are currently determining the consumption data for the following companies with important production and logistics locations: Leifheit AG in Nassau and Zuzenhausen, Germany, Leifheit s.r.o. in the Czech Republic and Herby Industrie S.A.S. in France.

Materials used

Use of materials for manufacturing and packaging products		2016	2017	2018
Raw materials	kg	1,256	1,351	1,810
Consumables and supplies	kg	47,800	50,920	52,879
Semi-finished products or goods	kg	14,272,585	15,038,349	14,969,730
Packaging material	kg	1,883,581	1,929,988	1,892,545

Energy consumption within the organisation

Energy consumption		2016	2017	2018
Fuel	MWh	1,501	1,450	2,262
Electricity	MWh	17,081	15,807	15,943
Heating energy	MWh	16,130	17,834	17,431
Total energy consumption	MWh	34,711	35,092	35,568
Electricity needs in relation to the semi-finished products or goods used and processed	kWh/kg	1.20	1.05	1.07

The increased energy consumption within the organisation in 2018 was attributable to the switch from independent sales representatives to an in-house field sales team in Germany. We expect the change to improve our customer service in bricks-and-mortar retail and strengthen our market position.

The percentage of electricity from renewable sources depends on the electricity mix of our energy suppliers. In Germany, that figure stood at around 64% in 2018 (2017: roughly 62%). The calculations are usually based on measurements; in some cases, we draw on the consumption bills from the utility companies.

Total water withdrawal by source

Water withdrawal	2016	2017	2018
From municipal water supplies	m ³ 14,826	13,458	13,724

Water is sourced exclusively from municipal water supplies. Measurements form the basis of the calculations

Total weight of waste by type and disposal method

Type of waste	Disposal method	2016	2017	2018
Hazardous waste	Landfill	t 136	72	82
	Non-hazardous waste			
	Reuse	t 446	618	650
	Recycling	t 903	860	780
	Composting	t 32	95	134
	Incineration (mass burn)	t 267	314	296
	Landfill	t 51	75	21

The disposal methods are employed directly by the organisation or otherwise confirmed directly.



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In 2015, we performed a comprehensive DIN EN 16247-1 energy audit at our German locations in accordance with the statutory provisions (sections 8 et seqq. German act on energy services and other energy efficiency measures (EDL-G)). The next energy audit is planned in 2019.

The energy audit resulted in a variety of measures for reducing energy consumption that were implemented successively at our locations in Nassau (Germany), Zuzenhausen (Germany) and Blatná (Czech Republic) over the past year. They include

- switching the lighting to energy-efficient LED technology in connection with a daylight-based lighting system controlled by sensors,
- reducing heat loss by way of double and high-speed doors, as well as adjustments to facility temperature,
- regularly inspecting and updating or replacing compressed air and heating systems,
- using waste heat for injection moulding and generating compressed air,
- identifying and reducing consumption peaks by installing additional electricity and gas meters,
- training employees on and raising their awareness of energy efficiency, lighting and heat loss.

The system technology in our production areas also undergoes regular inspections that focus on efficiency and sustainability criteria. Any measures to improve on these issues that are identified during the inspection process are systematically taken. For example, a state-of-the-art powder-coating facility and new laser welding technology for our metal ironing boards went into operation at our production location in Blatná, Czech Republic, in 2017. Through the use of cutting-edge technology, we have been able to significantly boost production capacity while lowering energy needs in relation to the quantities produced.

In the reporting year, we invested in three fully-electric injection moulding machines and a hybrid machine for plastics manufacturing. Two of those machines were installed in 2018, while two others will go into operation in spring 2019. We expect their significantly lower energy consumption and lower cycle times, compared to the hydraulic systems used in the past, to result in energy savings of approximately 25%. Employees working with the fully-electric systems will also be subjected to significantly lower levels of noise. Closed-circuit cooling systems in plastics manufacturing also conserve water resources and ensure a high degree of energy efficiency.



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HR strategy

Highly trained and motivated employees are essential to our ability to achieve our ambitious operating and strategic targets. Demographic developments and the associated worsening shortage of highly qualified workers, which is particularly noticeable where technical professions are concerned, are a key challenge. Our strategic HR work allows us to rise to the challenges presented by the labour market. We aim to continue to boost our attractiveness as an employer.

Focus on employer attractiveness

We are making a special effort to recruit and retain good staff in the long term. For example, we offer different personal and professional development possibilities, despite our relatively small company size, and flat hierarchies. We allow for flexible working hours as well as the possibility of working from home for appropriate positions. To ensure that all employees can perform to their full potential, we strive to create a safe and suitable working environment. We also sensitise our staff to preventing health issues and offer activities to promote good health. We offer competitive pay that is fair and prize diversity among our employees.

Employee structure of the Leifheit Group	31 Dec 2016	31 Dec 2017	31 Dec 2018
Group	1,093	1,137	1,134
Brand Business	913	972	930
Volume Business	180	165	204
Household		930	920
Wellbeing		48	56
Private Label		159	158
Germany	423	412	420
Czech Republic	439	500	469
France	169	163	162
Other countries	62	62	83

Diversity and equal opportunities

Leifheit aims for diversity in its workforce

The Leifheit Group is active in many different countries. Being open towards people from a wide variety of regions and cultures is therefore essential to our success. We foster a working environment that welcomes diversity so as to benefit from our employees' different personal abilities, talents and experiences. We do not tolerate any form of discrimination and are committed to providing equal opportunities regardless of age, gender, religion, ethnic background or sexual orientation.

Neither the ombudsman nor the works council or HR management team were made aware of any cases of discrimination at the Leifheit Group in the reporting period.



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Diversity management

Our diversity management focuses on three aspects of our workforce: gender, age structure and internationality.

Characteristics of the workforce of the Leifheit Group		2016	2017	2018
Average length of service in years	in years	11.4	11.0	11.6
Age structure of employees				
under 30 years	in %	16	17	15
30 to 40 years	in %	24	22	21
40 to 50 years	in %	25	26	26
50 to 60 years	in %	29	30	30
over 60 years	in %	6	5	8
Average age	in years	43	43	44
Percentage of employees who are women	in %	49	50	50
Percentage of women at the first management level	in %	14	14	14
Number of trainees		28	27	29
Part-time employees		86	72	86

**01
Gender diversity**

We pay attention to an appropriate proportion of women to men at the company. Their ratios as a percentage of the workforce are already balanced. In the reporting period, women accounted for 50.1% of the workforce at the Leifheit Group (2017: 50.0%). We also want to see the diversity of our workforce reflected at management level. However, our focus when hiring new employees is always on their individual qualifications, as well as their personal, social, business and methodical skills and abilities. After all, we aim to fill any vacancy with the best candidate.

As a listed company subject to the obligation that one-third of its Supervisory Board consist of employee representatives, Leifheit AG is required to set targets for the proportion of women on the Board of Management and at the top two management levels. Due to flat hierarchies, we limit our targets to the level immediately below the Board of Management. The target for the proportion of women at this management level has been set at 14.29% and achieved.

**02
Age structure**

Leifheit employs people of various age groups. We strive to achieve an appropriate ratio of trainees, young specialists and managers, and employees who have been actively serving the Group for many years. This healthy mix has many advantages: it is the basis for agility and the willingness to change within the organisation and for a culture in which ideas and innovative solutions can grow. At the same time, it is the key to the preservation of expertise and experience and the successful transfer of knowledge.

The high number of long-serving employees demonstrates that Leifheit is an attractive employer that is capable of retaining employees for many years.

**03
Internationality**

The Leifheit Group supplies its products to some 80 countries around the world. At the same time, the company employs staff in nine different countries. The Group's workforce includes 28 different nationalities. Promoting internationality and cooperating across borders and cultures are the foundation for the successful expansion of our international business.



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Fair and competitive remuneration

Leifheit aims to offer all employees fair and competitive remuneration. Women and men in comparable positions at the Leifheit Group receive the same pay. Pay is determined solely by function and qualification. The salaries of our senior executives contain fixed and variable components. The current remuneration structure at the company was developed in 2015 on the basis of a global grading. The global grading serves to systematically describe and evaluate individual positions within the context of the company structure and is regularly updated.

The remuneration of the Supervisory Board is regulated by the articles of incorporation of Leifheit AG. It contains fixed compensation as well as meeting allowances. The members of the Board of Management receive remuneration consisting of a fixed basic annual salary, annual variable remuneration and longer-term variable remuneration. The remuneration report, which is part of the combined management report in the [> annual financial report](#), includes a detailed description of the Board of Management's remuneration system as well as of the Supervisory Board's remuneration.

Training and education

Promoting the development of expertise

Leifheit has developed a competency model that defines the company's interdisciplinary, company-specific expectations of employees and management personnel. The defined competencies provide orientation in daily working life and are the foundation on which cooperation at the company is built. They are essential

to achieving our strategic goals and therefore to the success of Leifheit. The competency model is an integral part of the regular performance review, the main tool of our HR development efforts. In training sessions, management personnel and employees learn how to use the competency model in performance reviews, especially at our German locations. Furthermore, we promote the capabilities and expert knowledge of our employees at all Group locations.

In financial year 2018, we invested k€ 289 (2017: k€ 311) in training. We draw on various HR development tools as indicated in the individual performance reviews.

Modern vocational training

As an employer, we also have a social responsibility to the regions with our locations and offer young people the opportunity of vocational training. At the same time, we find qualified junior staff for Leifheit through the various training courses.

Our trainees are involved in specific projects at an early stage in their training and are given an opportunity to work independently and take on responsibility. By working at our "junior company", young people find out what it means to think like entrepreneurs and manage a small business. The junior company is responsible for the business management of the plant shops and is headed by six to eight trainees at a time. We also involve trainees in our efforts to market our vocational training programmes. They independently manage our social media and join the vocational training management team in representing the company at the appropriate trade fairs.



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A total of 29 young people were training as industrial management assistants, IT management assistants, graphic designers or specialists in warehouse logistics at the Leifheit Group's German locations at the end of 2018 (end of 2017: 27), including five young people who are completing a program of dual training which combines work with studies for a degree or a post-training part time course of studies. We were able to provide some of our trainees with the option of international business training.

Through our vocational training programme, we also aim to make a contribution to the integration of refugees in the German labour market. Among the trainees is one young man who, following an internship and introductory training as part of the Prospects for Young Refugees project, began a commercial apprenticeship in 2016. In the reporting year, we hired another young man from Syria as a trainee at our logistics location in Zuzenhausen.

In 2018, we brought on board seven young people (2017: seven) who successfully managed to complete their vocational training. One of them was able to enter a work-study program financed by us.

Promoting employee health

In light of demographic developments and the raising of the retirement age, we take the issue of our employees' health very seriously. We make every effort to create an appropriate work environment in order to avoid health hazards.

The Leifheit Group's policies on occupational, health and fire safety are based on the high statutory requirements at our respective locations and the recommendations of employers' liability insurance associations.

We also raise staff awareness concerning how to prevent health issues through appropriate activities, such as different kinds of sport and exercise, information days dedicated to health or smoking cessation courses. Likewise, we support applicable employee initiatives, such as participating in company runs.

Accidents at work

	2016	2017	2018
Lost time injury rate (LTIR) per 100,000 working hours			
All regions	2.4	2.3	2.0
Germany	1.7	1.8	1.3
Czech Republic	2.2	2.2	3.3
France	4.8	4.8	3.8
Number of fatalities	0.0	0.0	0.0
Number of occupational diseases	1.0	0.0	1.0



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When compiling information on accidents at work, we look at the following companies or locations with more than 50 employees: Leifheit AG in Nassau and Zuzenhausen, Germany; Leifheit s.r.o. in the Czech Republic; and Herby Industrie S.A.S., Birambeau S.A.S. and Leifheit-Birambeau S.A.S. in France. This scope covers approximately 95% of the Group's workforce. We take into account both employees and external staff bound by instructions.

When calculating the lost time injury rate (LTIR), we include work-related accidents that result in at least one day of absence from work and place them in relation to 100,000 working hours. An injury is considered a work-related accident if it arises from the type of and during the work performed, including accidents on company premises and on business trips. Accidents that occur during the commute to and from work are not included. Incidents requiring first aid are usually not reflected in the calculations, as they normally do not result in an absence of more than one day. When compiling and reporting information on work-related accidents, we follow the respective statutory requirements. The legislation in the European Union corresponds to or goes beyond the Code of the International Labour Organisation (ILO).

Leifheit once again named top SME-sector employer in Germany

Leifheit AG was honoured by the > [Top Employers Institute](#) as a top employer in the German SME sector in financial year 2018. Once more, this provides outside confirmation that we offer our employees excellent working conditions, promote the development of talented individuals and are working to advance our professional HR work.





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“Wir zusammen” initiative

Leifheit has joined the › **“Wir zusammen”** (Joining forces) initiative, which pools the integration initiatives of actors from German business and industry in one network. Over 225 companies have joined the “Wir zusammen” network to give refugees long-term professional prospects while also filling openings in their own workforce. The initiative focuses on creating specific integration opportunities for individuals, finding common ground with people from different cultural groups and discovering differences that enrich and can advance our society.



Employee rights

In our Code of Conduct, we state that we will comply with legally defined employee rights and honour co-determination rights. We work with our employee representatives to ensure that applicable laws and regulations, collective bargaining agreements and works agreements are observed in the interest of employees. The German works constitution act (BetrVG) grants the works council in Germany co-determination or the right of participation in social, personnel and economic affairs. It goes without saying that we also observe the applicable employee rights at foreign locations. Such rights in France and the Czech Republic are as strict as they are in Germany and, in some cases, even go beyond the requirements of German labour laws.

The legislation in the European Union corresponds to or goes beyond the Code of the International Labour Organisation (ILO).



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Social and environmental standards in the supply chain

Respecting human rights is a fundamental value for companies that do business ethically. Raw materials, semi-finished goods and finished goods are being traded on increasingly globalised markets. As a result, Leifheit also faces the risk of suppliers disregarding principles of sustainable corporate governance. We aim to ensure the acceptance and implementation of strict social and environmental standards in our supply chain. To this end, we have established requirements for our suppliers in the Social Code of Conduct, whose principles are consistent with the Business Social Compliance Initiative (BSCI), the Conventions of the International Labour Organisation (ILO), the United Nations Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, the UN Convention on the Elimination of All Forms of Discrimination against Women, the Principles of the UN Global Compact and the OECD Guidelines for Multinational Companies. In order to do an even better job of meeting our obligation to respect human rights, we updated the code in 2018.

By the end of 2020, we aim to have all active suppliers of direct material that goes into our products and all suppliers of goods purchased and held for resale within the Leifheit Group sign the agreement on compliance with the Social Code of Conduct. In Asia, which is purportedly prone to greater risk, some 62% of our suppliers have already signed the Code of Conduct. We assess

the European procurement markets as involving less risk concerning potential non-compliance with our standards. In this region, we have reached agreements on the Social Code of Conduct with around 31% of our suppliers.

Social accountability aspects are also examined as part of recurrent factory audits of current suppliers. In the reporting period, 57 of our suppliers were subject to an audit. The audits indicated that most suppliers were in compliance with social, occupational health and safety, and environmental protection standards. Negative findings were recorded at two partners, which led to Leifheit switching suppliers.

We generally audit new suppliers overseas before establishing business relations with them. Apart from performance, such audits also assess whether the criteria and provisions of our Social Code of Conduct are observed. We perform audits of our European suppliers on a selective basis, as we regard the risk of human rights violations here as extremely low. During the reporting year we audited about 85% of all new suppliers.



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We are committed to making a difference at our locations

Leifheit is conscious of its responsibility as a company and as an employer. We feel a strong connection to the communities of our mostly rural locations. In many cases, we are a key economic driver in the communities. Our social commitment therefore focuses on our corporate locations where we hope to play a role in securing a sound and attractive environment. In general, donations are coordinated with the Board of Management before being granted.

Small projects with a big impact

We support local social, athletic and cultural projects and associations. Here, Leifheit regularly sponsors various activities on both a large and small scale. Potential recipients must have non-profit status to be eligible. One example of our regular activities is the bazaar, which our trainees organise every year on behalf of social projects. In 2017, the proceeds went to support a regional animal welfare organisation. The proceeds in the reporting year will be used for our 60 years of Leifheit – 60 goods deeds campaign.

60 years of Leifheit – 60 goods deeds

Our company will be turning 60 in 2019. On 11 September 1959, Günter and Ingeborg Leifheit founded the company and began producing carpet sweepers in the German town of Nassau. The region's citizens still remember the Leifheits as dedicated supporters of countless social projects, patrons of the arts and sponsors of various organisations. We intend to honour this tradition in our

anniversary year. Throughout the Group, we plan to support 60 large and small charitable projects, our employees' great ideas and examples of commitment to society at our locations in keeping with the motto "60 years of Leifheit – 60 good deeds". Over the course of 2019, we will be showcasing the 60 projects at > www.gute-taten.leifheit.de.

Promoting education at our headquarters

We are involved in efforts to promote education and training at our headquarters in Nassau. Leifheit is a business partner of the Leifheit-Campus. The state-certified private grammar school opened in 2015 as the result of a private-sector initiative in reaction to the closure of local state schools. It offers secondary education and is open to all gifted young people, regardless of their parents' income. The G. und I. Leifheit Stiftung, a foundation that is financed by the legacy of company founder Günter Leifheit, is the school's largest sponsor. The partnership between Leifheit-Campus and Leifheit AG includes financial support through a scholarship programme, equipping the school with our products, organising annual competitions and providing opportunities to explore the company, as well as career guidance measures and presentations by our experts on appropriate subjects.



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Compliance management system

Responsible corporate management

The confidence of our customers, investors and employees is key to our ability to achieve sustainable growth and to increase company value. We strengthen this confidence through responsible corporate management. Corporate governance and compliance are therefore high priorities at Leifheit.

The German Corporate Governance Code (Deutsche Corporate Governance Kodex – DCGK) describes compliance as the Board of Management’s responsibility for ensuring observance of legal and company-internal requirements, and working towards adherence. Because the company must also comply with legal and administrative regulations regarding data protection, that subject is also covered by the section on compliance.

CMS aims to ensure behaviour in line with the regulations

Our compliance management system (CMS) includes basic guidelines and measures aimed at ensuring behaviour in line with the regulations at the company. It should assist our employees in observing the binding laws and regulations that apply to their work, along with recognised standards, recommendations and our own guidelines. Behaviour in line with the regulations is both a key basic principle for Leifheit and the goal of commercially responsible conduct.

The Board of Management and the management team of Leifheit are committed to compliance as a leadership duty. Operational responsibility (compliance officer) lies with the HR/Legal/IP division. Compliance risks are recorded in the scope of the risk management system.

Our compliance programme includes guidelines and measures that reduce compliance risks and prevent violation of regulations and laws. The principles of the compliance management system and standards of conduct have been in place for years and are part of the day-to-day business routine. The compliance guidelines are available to Leifheit Group employees in at least German and English.



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As part of their duty to set an example for others, Leifheit managers are instructed to impart and model the compliance policies for their employees. Managers are responsible for ensuring that our guidelines are followed. A concept that provides our employees with regular training on our compliance principles through online e-learning modules was also developed. There will be more intensive compliance training and communication measures in the future.

Whistle-blower system introduced

We have established a whistle-blower system to give our employees and third parties the opportunity to safely pass along tip-offs to an ombudsman if they suspect or have evidence of potential legal violations at the company. Since the end of 2018, an online communication platform (› [Integrity Line](#)) has been available to whistle-blowers, along with the option to submit reports to the ombudsman in person.

Compliance violations are not tolerated, and all indications of misconduct are followed up. Findings are entered into our risk management system or our internal control and risk management system during the accounting process (ICS).

Within the scope of the internal audit department, we initiate external audits of business processes at our sites at regular intervals. In the reporting year, a non-material compliance violation was identified in the course of an internal audit and appropriate measures were taken. No tip-offs about possible compliance violations were submitted via our whistle-blower system.



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Our guidelines

The following guidelines in particular serve as orientation for the Leifheit Group:

German Corporate Governance Code (DCGK)

The Board of Management and the Supervisory Board of Leifheit AG base their work on the DCGK. In the reporting year, Leifheit almost fully complied with the guidelines provided therein for good corporate governance. Our declarations of conformity have been published and are permanently accessible. The corporate governance report is part of the annual financial report.

Leifheit competency model

Our competency model depicts our business-specific, interdisciplinary expectations of management personnel and employees. It includes personal, social, business and methodical skills that are crucial to collaboration and our company's long-term success.

Insider guidelines

Trade in stocks and the handling of insider information are subject to strict statutory regulations. Our insider guidelines provide an overview of how to handle insider information, the statutory provisions prohibiting insider trading, the unlawful disclosure of insider information, the consequences of such trading or disclosures and the insider list.

Standards for our suppliers

We lay down the standards for our suppliers in a code of conduct, which was revised in the reporting year. The code of conduct is consistent with the Business Social Compliance Initiative (BSCI), the Conventions of the International Labour Organisation, the United Nations Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, the UN Convention on the Elimination of All Forms of Discrimination against Women, the Principles of the UN Global Compact and the OECD Guidelines for Multinational Companies.

Antitrust compliance policy

Leifheit believes in fair competition. Our stance against violations of anti-trust law is also reflected by our antitrust compliance policy.

Leifheit Code of Conduct

Our employees are bound by the Leifheit Code of Conduct, which lays down basic rules governing social, ethically responsible and lawful conduct at the Leifheit Group, and addresses the following issues:

- laws and guidelines
- human rights and discrimination
- occupational health and safety
- environmental and climate protection, and resource efficiency
- compliance with the Business Social Compliance Initiative, the Conventions of the International Labour Organisation, the United Nations Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, the UN Convention on the Elimination of All Forms of Discrimination against Women, the Principles of the UN Global Compact and the OECD Guidelines for Multinational Companies
- handling confidential information
- safeguarding the results of R&D activities and product safety
- accurate reporting
- capital market law, insider trading and market manipulation
- fair competition, antitrust law and corruption
- whistle-blower system
- handling invitations, meals/hospitality and gifts
- dealing with conflicts of interest
- data protection

Data protection guidelines

Our data protection guidelines are intended to ensure that the requirements of data security and data protection are met, and that the rules of the German Federal Data Protection Act (Bundesdatenschutzgesetzes – BDSG) and General Data Protection Regulation (GDPR) are complied with.



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Combating corruption and bribery

Combating corruption and bribery is an integral part of our > **compliance management system**. Leifheit takes decisive steps against attempted corruption in all areas of business within the Group. Our Code of Conduct obliges employees not to accept, offer or promise any personal, financial or other benefits, whether directly or indirectly, in order to establish or maintain business relations or other benefits with a third party. Furthermore, such benefits may not be accepted as a quid pro quo for preferential treatment by third parties.

Data protection

At Leifheit, protecting personal data is matter of course. It is very important to us – in part because of our brands' growing online and app offerings. Our data protection guideline should ensure that we meet the requirements of data security and data protection when collecting, storing, processing and using personal data. That applies, in particular, in the context of the General Data Protection Regulation (GDPR) and German Federal Data Protection Act (Bundesdatenschutzgesetzes – BDSG). Our data protection officer works towards compliance with data protection requirements, supports the further development of data protection measures and advises the specialist departments.

There were no complaints regarding violations of data protection regulations or the privacy of customers and employees in the reporting period. There were also no thefts of losses of data.



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Forward-looking statements

This report contains forward-looking statements which are based on the management's current estimates with regard to future developments. Such statements are subject to risks and uncertainties which are beyond Leifheit's ability to control or estimate precisely, such as statements on the future market environment and economic conditions, the behaviour of other market participants and government measures. If one of these uncertain or unforeseeable factors occurs or the assumptions on which these statements are based prove inaccurate, actual results could differ materially from the results cited explicitly or contained implicitly in these statements. Leifheit neither intends to, nor does it accept any specific obligation to, update forward-looking statements to reflect events or developments after the date of this report.

In the event of any discrepancies between this English translation of the report and the German version, the German version shall take precedence.

Contact

Leifheit AG

PO Box 11 65
56371 Nassau/Lahn, Germany

Telephone: +49 2604 977-218
Fax: +49 2604 977-340

www.leifheit-group.com
E-mail: ir@leifheit.com

Design:
MPM Corporate Communication Solutions, Mainz, Düsseldorf,
Germany