

KOHLER®

Believing in Better

®

Kohler Co. 2022
Environmental, Social,
and Governance Report



The Rob Swan/Kohler Undaunted team checks the Kohler generator that provided clean and renewable energy for the expedition.

About This Report

Our 2022 Environmental, Social, and Governance (ESG) Report primarily covers data from January 1 to December 31, 2022, unless otherwise noted, with three years of data provided for context, where available. The ESG Report covers sites under our operational control and includes our subsidiaries unless otherwise noted.

This report was prepared with reference to the Global Reporting Initiative (GRI) Standards. The GRI Content Index is available beginning on page 85.

Kohler is committed to transparency, engagement, and consistent communication of our Believing in Better® initiatives, and we will continue to build on our alignment with established ESG standards.

We work to continuously improve how we collect and analyze this data to align with industry best practices. To the extent we would need to make any corrections, we will do so in future reports.

Artist Nada Debs collaborated with the KOHLER WasteLAB® team to create a hammam-inspired installation at Design Miami featuring tile made from recycled manufacturing waste.



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Chair and CEO Perspective

Since Kohler's founding in 1873, each generation of leadership has adhered to the same principles that guided my great-grandfather and Kohler's founder, John Michael Kohler—a focus on associate well-being, a commitment to community and public service, and operating with ethics and integrity. It is staying true to these principles that has allowed Kohler to adapt to a changing world and business landscape without losing sight of who we are at our core.



The world looks very different today than it did in 1873, and so does Kohler. We are now a company of over 39,000 associates with a global footprint that spans 45 countries and 246 locations. We have grown into a global powerhouse for kitchen and bath plumbing products, have a strong energy business portfolio that includes leading clean energy companies Heila and Clarke Energy, and established Kohler, Wisconsin, as a premier golf resort destination.

We were founded on the belief that as our presence grew, so did our responsibility to our planet, communities, and people. This is why we continue to embed our founding principles into our environmental sustainability and social impact framework based on the notion that our best can always be better. This notion of better was the impetus behind Kohler issuing its first-ever ESG report last year, which used the GRI Standards framework. Having this framework in place helped us navigate the challenges of the past year and keep us grounded while working toward our long-term environmental and social goals.

In 2022, Kohler, like many other companies, grappled with the impacts of global inflation and rising costs, residual supply chain issues from the pandemic, and strict zero-COVID policies as well as shifting consumer habits and new regulations. Despite these challenges, we remained committed to our values and advancing our environmental and social goals. We conducted a climate risk assessment to improve our understanding of climate-related risks and opportunities across our value chain, and we continued to invest in the development of products that conserve materials and water use. We were recognized by the U.S. Environmental Protection Agency with the WaterSense® Sustained Excellence Award for the eighth time for our ongoing efforts to innovate water-efficient plumbing products and promote water conservation. We also continued to integrate our recent acquisitions of Clarke Energy, Curtis Instruments, and Heila Technologies across Kohler, which have allowed us to grow our portfolio of clean energy solutions, advance our sustainability journey, and launch into new industries, such as carbon recovery, electrification, and microgrids.

Our path to better is a journey that would not be possible without the passion and dedicated work of our associates. Their bold ideas, innovation, and commitment to improvement is the heartbeat of this company and what has made our Believing in Better® commitments a reality.

A handwritten signature in black ink, appearing to read 'DK', written in a cursive style.

David Kohler

Chair and Chief Executive Officer, Kohler Co.

About Kohler Co.

Kohler Co. was founded in 1873 and remains one of America's oldest and largest privately held companies. We are a global leader in the design and innovation of kitchen and bath products; luxury cabinetry, tile, and lighting; distributed energy solutions—home energy, industrial energy systems, and powertrain technologies—and luxury hospitality experiences and major championship golf.

We support an environment of creative collaboration by individuals of different cultures, ethnicities, gender, and subject matter disciplines. We are proud of the rich diversity of our organization in the U.S. and around the world. As a company, we look to our guiding principles, values, and beliefs to help us be a stronger force for positive change.

Our mission guides us to work in harmony with our natural environment, reduce waste, and ensure a welcoming, safe, and healthy workplace because extending gracious living for our associates globally is equally important as providing it for our customers.

Kohler Co. believes in making the world a better place through community stewardship, environmental sustainability, inspiring workplaces, and support of the arts. Raising money, volunteering, creating innovative products and promoting ideas—all are continually evolving actions grounded in the unchanging belief that no effort is too big or too small.

Better Planet, Better Communities, Better Lives...
We are Kohler Strong.

Interior designer Jean Stoffer shares her perspective on design as a featured speaker in the Kohler booth during the 2022 Kitchen and Bath Industry Show.



Chief Sustainability and DEI Officer Perspective

The past year was a pivotal one for Kohler. We continued to build on our efforts in environmental sustainability; diversity, equity, and inclusion; social impact; and integrate our Believing in Better® framework into the business at every level. That's because at Kohler, we believe we should be held accountable for the promises we make.



In 2023 we are celebrating our 150-year anniversary and the values and legacy that made Kohler into the lifestyle and manufacturing company it is today. Throughout our history, we have challenged our associates to think boldly and differently. This commitment to reimagining what's possible is what leads Kohler associates to become catalysts for change—at work and in their communities.

That's why we are constantly looking for ways to strengthen our culture and create an environment where our associates can thrive. In 2022 we added two new business resource groups, launched an Inclusive Leader Program and made progress toward our diversity, equity, and inclusion goals while maintaining gender pay equity. Additionally, we saw record participation in the annual Kohler Run/Walk for Safe Water challenge with over 100,000 participants from 182 countries and launched a paid volunteer time off program in the U.S. with associates contributing over 2,000 hours to support community organizations across the country.

Last year was also a record-breaking year for Kohler I-Prize, our Innovation for Good® incubator that fosters innovation with a social purpose among Kohler associates. Participation in the 2022 Kohler I-Prize more than doubled from the previous year and exemplified diversity, with six countries represented and women associates making up 25% of all participants. For

the first time, we brought our culture of innovation with a social purpose to an external audience by hosting the inaugural M-Prize in partnership with Marquette University where students were asked to develop and pitch their own unique ideas for how to design more inclusive kitchen and bathroom products.

In 2022 we expanded our approach to our signature Kohler Safe Water for All initiative to move from a focus on access to a more holistic view that encompasses access and innovation for water, sanitation, and hygiene, while also keeping in mind impact on watersheds, conservation, and more. Last year also proved to be a pivotal year in breaking down silos to engage our partners and customers in our Believing in Better® journey. Through our new Responsibility of Design ambition, we've been engaging the architecture and design community in discussions on the role we can play in helping to preserve the world's limited natural resources and be responsive to changing societal expectations. We hosted discussions with leading architects and designers at Climate Week NYC as well as at leading design events in Toronto, Miami, and Milan.

As we look forward, it will be important to turn these conversations into action and continue to provide opportunities for Kohler associates to engage in innovation and with their communities. Our world is changing and so are the challenges we face—from extreme weather to dwindling water resources—and it is important that we adapt our business and general mindset to meet these challenges. With every challenge comes an opportunity, and looking back at the past year, I am confident we are prepared for what comes next.

Laura E. Kohler

Chief Sustainability and DEI Officer

Believing in Better®

Kohler has formalized its sustainability and social impact strategy under the umbrella of “Believing in Better.” Believing in Better is Kohler’s operating philosophy that our best can always be better: better for the lives we touch, better for our communities, better for our planet, and better for business. In our journey to better, we use ESG criteria as a framework to transparently report against our goals and progress while ensuring the actions we take are embedded in our business strategy and operations.



Kohler has aligned efforts for our business strategy and project pipeline with United Nations Sustainable Development Goals 6, 7, and 12.

Better Planet

Kohler is improving its operational environmental footprint, while finding ways to help customers and consumers reduce their own environmental impact, through innovation and responsibility of design. From a focus on water conservation and energy efficiency to exploring creative ways to recycle and repurpose waste, Kohler is paying uncompromised attention to designing environmentally friendly products and services that will continue to delight consumers at every price point.

Better Communities

Kohler takes a holistic approach to addressing the long-term health, well-being, and prosperity of the communities it serves. Through programs and partnerships that address equitable access to clean water and sanitation, disaster relief initiatives, and a focus on education, arts, and health/well-being, Kohler and its associates work together to build better and more resilient communities in the U.S. and globally.

Better Lives

Kohler seeks to make a positive impact on the lives of associates and customers by promoting inclusive and equitable programs at work and in the community, providing opportunities to innovate products and services with a social purpose, and being responsible stewards of resources. Kohler is committed to a better workplace and better world.



Believing in Better® Highlights

Environmental Performance

41%

reduction in global operational energy use intensity since 2008

62%

reduction in global operational net greenhouse gas intensity (scope 1 + 2) since 2008

57%

reduction in water withdrawal intensity since 2008

58%

reduction in global operational waste to landfill intensity since 2008

560B

gallons of water saved by Kohler WaterSense® labeled products in the U.S. since 2007

\$1.01B

in global sales from environmentally favorable Kitchen and Bath products in 2022

54%

global operational electricity from renewable resources in 2022

Lives Impacted Globally

Lives Impacted By	Historic Number	In 2022
Plumbing product donations	8.3M since 1990	404K
Safe water and sanitation initiatives	2.2M since 2014	356K
Provision of health and well-being services	2.6M since 1990	111K
Scholarship and university support	2.7M since 1990	192K
Support of the arts	1.3M since 1990	33K
Environmental conservation	155K since 1990	4.1K
Total lives impacted globally	17.1M since 1990	1.1M

Better Planet

Kohler's Better Planet strategy is focused on improving our operational environmental footprint while paying uncompromised attention to designing environmentally friendly products that help our customers and consumers to reduce their own environmental impact. We have been tracking our environmental footprint since 2008 as a key part of our environmental sustainability journey, and we have established goals for reducing greenhouse gas (GHG) emissions, water usage, and waste to landfill across our operations. We continue to develop additional goals to drive improvement on other environmental metrics.



Better Planet Strategy Overview

Ambitions	Initiatives	Metrics	2022	Historic
Helping our customers reduce their environmental footprints	Environmentally friendly products	Global sales from environmentally favorable Kitchen and Bath products	\$1,013,782,940	\$1,093,696,128 in 2021
Becoming the most transparent, accountable, and environmentally friendly company in our industry	Education and reporting	CDP Climate Change and Water Security scores	B rating	B rating in 2021
Reducing environmental impacts across operations	Net-zero scope 1 and 2 GHG emissions by 2035	Global operational net GHG emissions intensity	-17%	-62% since 2008
	Water stewardship	Global operational water withdrawal intensity	-10%	-57% since 2008
	Net-zero waste to landfill by 2035	Global operational net waste to landfill intensity	-23%	-58% since 2008

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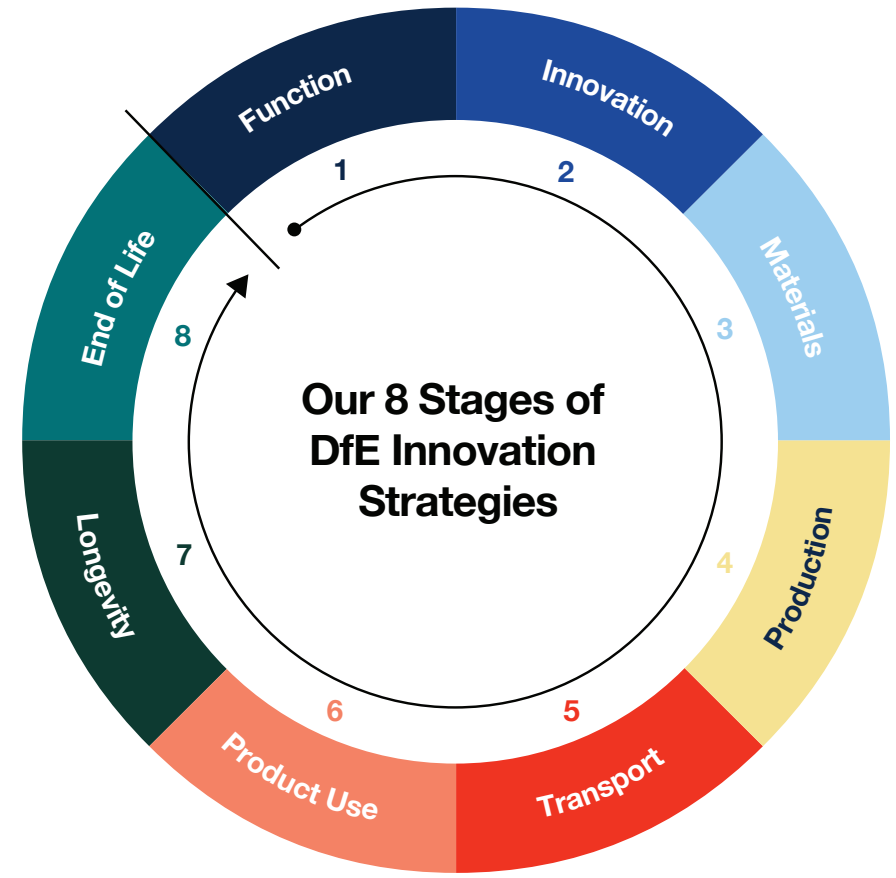
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Helping Our Customers Reduce Their Environmental Footprints

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DESIGN FOR ENVIRONMENT

Our Design for Environment (DfE) methodology, which is applied in Kitchen and Bath and Energy businesses, is a data-driven process that enables us to understand the environmental impact of our products and rethink design aspects accordingly. DfE employs a multistage strategy that considers all aspects of the product life cycle, including the impact of using renewable materials, how decreasing water flow rates affects user experience, and how product materials can be recycled or repurposed.



2022 Year End New Product Development DfE Progress

Kohler Kitchen & Bath Business	Progress
All KOHLER® K&B products, STERLING® and Mira new product development projects starting 2022*	49%
Englefield™, Fiori™, Hytec™, Jacob Delafon™, Novita®, Rada™, Sanijura™, KALLISTA®, Karat™	Metrics to be tracked starting 2023
Kohler Energy Business	Progress
Kohler Power Systems, North America	100% NPD products at market release incorporated DfE
Kohler Power Systems, EMEA	25% NPD products at market release incorporated DfE
Clarke Energy, Curtis Instruments, Heila Technologies, Residential Power, Engines	Goal-setting in progress

* These brands represent 90% of total 2022 revenue for all K&B products.

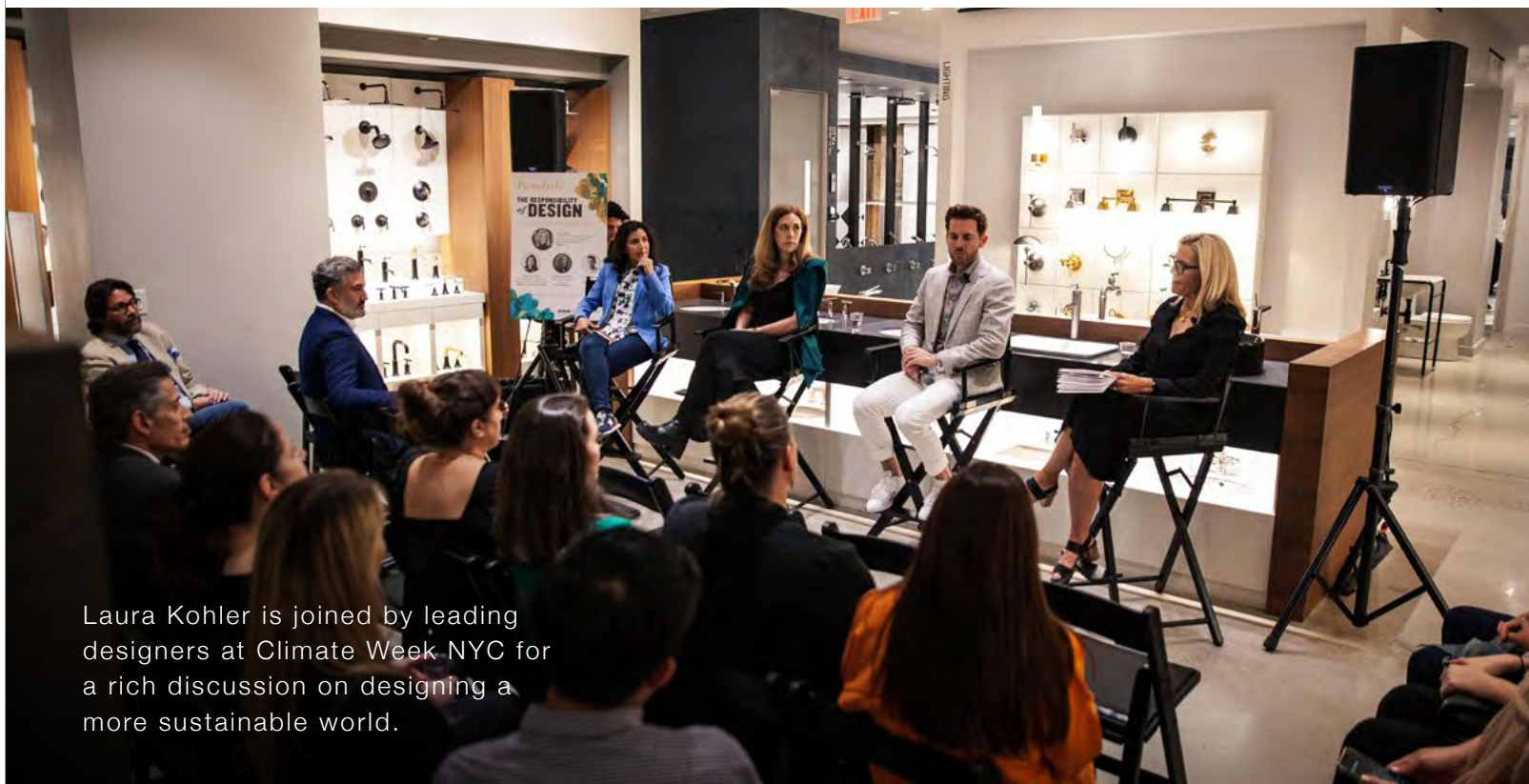
To increase the adoption of DfE, we organized training on DfE methodology for more than 240 Kitchen and Bath associates in China and also developed an interactive DfE workshop and provided training to Kohler Power Systems associates in our Europe, Middle East, and Africa (EMEA) unit. DfE training modules were also launched on the Kohler Learning Academy and Engineering Academy, including modules on product transparency and creating sustainability impact statements.

DESIGN FOR ENVIRONMENT

As an internal status for our products, Kohler uses the Positive by Design® designation, which signifies that environmentally friendly aspects were incorporated using the DfE process. All products designated Positive by Design® have been internally verified to have a positive impact, compared to existing product offerings, in one of four key sustainability impact areas—water use, GHG emissions, solid waste, and material toxicity—combined with no negative effects in the other impact areas. In 2022 49% of NPD projects (excluding retail NPD projects) were designated as Positive by Design.

Environmentally Friendly Products

25 new product development projects were designated as Positive by Design



Laura Kohler is joined by leading designers at Climate Week NYC for a rich discussion on designing a more sustainable world.

Responsibility of Design

Kohler launched an advocacy campaign in 2022 to initiate conversations with architects, designers, and the design community about the responsibility we have to collectively understand and innovate around global challenges like climate change, urbanization, diversity, and other societal shifts. These conversations, which took place across the world during Climate Week, included discussions around consumer expectations for more environmentally sustainable products and the responsibility of manufacturers like Kohler in designing products that can conserve water or reduce GHG emissions. In addition, the discussions detailed how companies can be more inclusive and work together to unlock consumer adoption of more environmentally friendly products.

- ▶ **Business of Design With Kimberley Seldon:** Laura Kohler joined Kimberley Seldon, founder of Business of Design and principal interior designer for the Kimberley Seldon Design Group, on her *Business of Design* podcast. Kimberley and Laura discussed the obligation that design has the opportunity to be responsive to the challenges facing the world: aging in place, environmental sustainability, inclusion, urbanization, health, and well-being. Insights were discussed on how designers can impact the choices clients make to work toward a more sustainable, inclusive world.
- ▶ **NYCxDESIGN The Mic:** In May 2022 Laura Kohler participated in the first-ever live recording of NYCxDESIGN’s podcast *The Mic* with a special series on “The Responsibility of Design.” Laura kicked off the event by introducing the topic of responsibility of design and participated in a conversation about design for well-being, hosted by Debbie Millman. Laura joined Suchi Reddy, founder of Reddymade Architecture & Design, to discuss design led by style and feeling and how thoughtfully designed spaces impact mental health.

DESIGN FOR ENVIRONMENT



**New Product Highlight:
Mira HeatCapture™**

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%. This is the only product of its kind currently available in the UK market.



**The Carbon Reduction
Winner: Mira HeatCapture™**

Around the world, businesses are rallying in response to climate change and the race to zero carbon. This award recognizes Mira's efforts to bring a simple and effective innovation to market that helps developers and homeowners drive down emissions.

**The Workplace Initiative
Winner: Mira Showers
Apprentice Workstream**

Bathroom manufacturers, as employers, can significantly benefit the environment by positively influencing their staff's behaviors around environmental sustainability both inside and outside of work. This award recognizes initiatives to promote sustainability throughout the organization.



New Product Highlight: Kelston Toilet

The Kelston bowl was refreshed to a revolution 360 style, resulting in a reduced environmental footprint during the manufacturing process of this product. The new product design process utilized DfE methodology, which resulted in an improvement in all four DfE categories—waste, water, greenhouse gas, and toxicity—compared to the original baseline product. Specifically, a reduction of GHG emissions was achieved due to decreased product material weight and weight in processing and transport. The new, more efficient, design led to an improved manufacturing yield, resulting in less waste to landfill.

ENVIRONMENTALLY FRIENDLY PRODUCTS

As part of our efforts to increase awareness of environmentally friendly products, we are a pioneer in providing at-scale solutions for product transparency, including supporting the climate-resilience and green building movement through Environmental Product Declarations (EPDs) and Declare labels. EPDs are based on a third-party-verified life cycle impact assessment (LCIA) and Kohler has expanded our EPD offerings to include 100% of vitreous china, stainless steel, and faucets products. We are continually expanding our data inventory and our capability to produce EPDs upon request.

Declare labels provide transparency on a product's environmental impact through compliance with Living Building Challenge (LBC) criteria developed by the International Living Future Institute, a coalition of architects, engineers, manufacturers, and builders focused on green building. Declare labels and EPDs are used to help builders achieve Leadership in Energy & Environmental Design (LEED) certification for homes, commercial buildings, and communities from the U.S. Green Building Council (USGBC). Kohler continues to receive increased requests for product transparency documents, including EPDs, Declare labels, and other metrics such as embodied carbon or recycled content. In 2022 62% of our transparency requests were for EPDs, and 29% were for Declare labels with 80% of those requests from North America and 20% from countries outside of North America.

Product Transparency Requests

>1.7K

EPD requests received since 2014

198

EPD requests in 2022

HELPING CUSTOMERS REDUCE CARBON EMISSIONS

Kohler Power Systems (KPS) is developing innovative ways to help customers reduce or replace the use of diesel fossil fuel, which will reduce GHG emissions. In 2022 KPS approved the use of hydrotreated vegetable oil (HVO) fuels to replace fossil diesel in its entire range of mission-critical diesel generators, including the KOHLER® KD Series™, with no adaptations required to the installed generators. The switch to renewable HVO fuel can help Kohler's customers reduce life cycle carbon emissions by up to 90% compared to fossil diesel.

Diesel generators used as backup power sources for data centers and other mission-critical uses have historically been tested monthly under load, due to inability of previous-technology engines to operate at no load on a regular basis. Advanced technology and efficiency improvements to the modern diesel engine designs enable lower-exercise loading. Test and field experience with generators such as the KOHLER KD Series suggests that unloaded monthly exercise is allowable, as long as the generator is load bank tested annually. KPS is working with customers to reduce load testing frequency that, based on our study, can expect up to 40% reduction in pollutants, such as nitrous oxide (NOx), particulate matter (PM), carbon monoxide (CO), and hydrocarbons (HC), and 44% in fuel consumption annually.

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BETTER PLANET



Robert Swan Undaunted South Pole Expedition

Kohler Energy supported an expedition by world-renowned explorer and environmentalist Robert Swan, Officer of the Order of the British, to cross the Antarctic landmass and walk to the South Pole powered solely by renewable energy. Swan's Undaunted expedition began on December 8, 2022, and he arrived safely at the South Pole on January 11, 2023. In the 1980s, Swan became the first person to walk to both the South and North Poles and since then has worked to raise awareness and inspire people to take action on behalf of the planet, including transitioning to clean energy sources.

Kohler sponsored the Undaunted expedition by supplying a customized KOHLER® generator that runs on hydrotreated vegetable oil (HVO). HVO can reduce carbon emissions by up to 90 percent and is sourced entirely from waste products, making it a high-quality renewable replacement of fossil diesel. Kohler also provided a microgrid system from Heila Technologies, a Kohler company, that coordinated and monitored the most efficient use of combined solar and generator energy to power equipment for the expedition.

Kohler's support enabled Swan's Undaunted expedition to demonstrate the effectiveness of these innovative clean energy technologies even in the most inhospitable environment on the planet. Kohler has a proven history of resilient power solutions that survived the unforgiving terrain of the South Pole—we supplied Admiral Richard Byrd with five KOHLER generators in 1929 for his Antarctic exploration.

WATER-EFFICIENT PRODUCTS

Kohler continues to make its largest impact on water conservation globally through leadership in the development and use of water-efficient products. We received our thirteenth WaterSense® award in 2022 from the U.S. Environmental Protection Agency, recognizing that WaterSense-labeled KOHLER® toilets, showerheads, and faucets are major contributors to reduced water consumption in America's households.

Kohler was honored in 2008 with the first WaterSense Partner of the Year award. Since 2007, cumulative savings due to Kohler brands in the U.S. was over 560 billion gallons of water, 12.8 million metric tons of avoided CO₂ emissions, and \$8.3 billion in energy and water costs.



50L Home Pilot Kickoff

The 50L Home coalition made progress toward selection of a city for its first pilot. The announcement and kickoff will follow in 2023.

One of our WaterSense®-labeled products.



KOHLER®

EPA WaterSense® 2022 Sustained Excellence Award

In 2022 Kohler Co. launched a total of 85 WaterSense-labeled products.



KOHLER WASTELAB®

KOHLER WasteLAB was established in 2014 as an idea coming out of Kohler’s Innovation for Good® incubator. WasteLAB associates are working to foster a circular economy in which we reuse, rethink, and repurpose our waste streams to design and produce artful tile and other products. WasteLAB uses a variety of landfill-bound materials left over from the manufacturing process, including wastewater sludge, pottery dry cull, cast iron slag, foundry dust, and enamel powder. From 2019 through 2022, sales of KOHLER WasteLAB tiles have diverted 25.5 metric tons (MT) of waste from landfills and diverted 9.3 MT of waste in 2022.

In partnership with ANN SACKS in 2019, WasteLAB launched the Crackle Collection, a line of tile created from recycled dry cull. WasteLAB launched a new tile line in early 2022, the Abstra™ Collection, which is made of more than 99.5% recycled waste materials including pottery wastewater sludge, one of Kohler’s largest waste streams. Sales of the Abstra Collection have exceeded forecasts and the award-winning tile collection has been featured in several publications, including *Interior Design*, *Cottages & Gardens*, *Elle Decor*, and *Architectural Digest*. Kohler has committed to continued investments in KOHLER WasteLAB research and development efforts to identify additional waste materials that can be repurposed for new products.

Waste Diverted

25.5 MT

of waste from landfill through sales of the Abstra and Crackle Collections since 2019



KOHLER WASTELAB®



The really amazing thing about the KOHLER WasteLAB is that we've only begun to explore the possibilities in transforming manufacturing byproduct into new products. It's exciting to imagine how far we can take these efforts."



Monty Stauffer,

Lead Industrial Designer – Prod. and Process – KOHLER WasteLAB®

Abstra™ Collection Awards

- ▶ *Fast Company* World Changing Ideas 2022 – finalist in the Arts and Design category
- ▶ *Fast Company* Innovation by Design 2022 Awards – winner in the Materials category, plus honorable mention in the Circular Design, General Excellence, and Sustainability categories
- ▶ Business Intelligence Group 2022 Sustainability Product of the Year
- ▶ Environment + Energy Leader 2022 Top Product Award
- ▶ Wisconsin Sustainable Business Council's Sustainable Product of the Year Award Finalist
- ▶ 2022 Good Design Award

KOHLER®

Helping Our Customers Reduce Their Environmental Footprints



INNOVATION FOR GOOD®

Kohler’s Innovation for Good (IfG) program was launched in 2011 as an in-house innovation incubator for our associates to explore new business opportunities with a social purpose. The IfG incubator brings together associates from across Kohler to explore and develop products and solutions for pressing social and environmental issues, including safe water, sanitation, hygiene, and reliable power.



IfG WaSH Products

The Innovation for Good incubator has developed several products focused on improving access to safe sanitation, which according to UNICEF is a critical problem for more than four billion people globally. IfG’s water, sanitation, and hygiene (WaSH) products were showcased by Kohler at the World Water Week conference in Stockholm.

The KOHLER® Rinse pail-flush toilet is a seated porcelain toilet that does not require electricity or piped water to function. The product flushes when water is poured into the bowl and can be used with a septic tank or pit system. KOHLER Rinse™ has been used by the nonprofit Water Mission since 2017 and has provided healthy latrine access to over 6,300 people in western Honduras. In 2022 there were 708 pail-flush toilets and toilet seats provided through this initiative.

Through IfG, Kohler is continuing its focus on WaSH and is developing solutions including off-grid sanitation systems to address open defecation in dense urban environments and universally adaptable hands-free-operation handwashing stations in regions dealing with water scarcity.

World Water Week

Team Kohler came back from the 2022 World Water Week in Stockholm, Sweden, invigorated and inspired by the many individuals and organizations galvanized around the single issue of delivering safe water and sanitation solutions at scale. There are 2.2 billion people around the world who lack access to safe drinking water and an estimated \$260 billion is lost globally each year due to lack of basic water and sanitation.

The Kohler team met with people at the forefront of spearheading action to address water and sanitation challenges and learned how Kohler can be part of the solution. Here are three key learnings:

- ▶ **Multilayer approaches are required** While public-private partnerships are critical, organizations across all sectors must come together and offer their own unique expertise to solve this issue. Effective solutions start with innovation, which is what companies like Kohler bring to the table. However, that is only the start. To scale solutions and create optimal impact, innovation needs to be backed by support from a range of organizations, from technology to government and financing.
- ▶ **A human-centered design approach is key to innovating effective WaSH solutions** Products designed to solve a specific issue for a specific community must include that community in the design process. There are a surprising number of products in this market that are not designed with the end consumer in mind. That's why a human-centered approach is crucial. It is through partnership, knowledge sharing, and collaboration that iterations can be developed effectively to meet community-specific needs and goals.

- ▶ **For business, safe water and sanitation is about mitigating risk** Lack of water and sanitation impacts business at many levels. Water challenges threaten to halt business operations, disrupt supply chains, raise the cost of materials, and put employees' health at risk. Now more than ever, stakeholders want to see that businesses are prepared for these risks. Proactive measures around safe water and sanitation act as the first step in risk mitigation.

As the global water crisis continues to impact communities all around the world in unprecedented ways, organizations from across all sectors have a unique and critical part to play in the solution.



Becoming the Most Transparent, Accountable, and Environmentally Friendly Brand in Our Industry

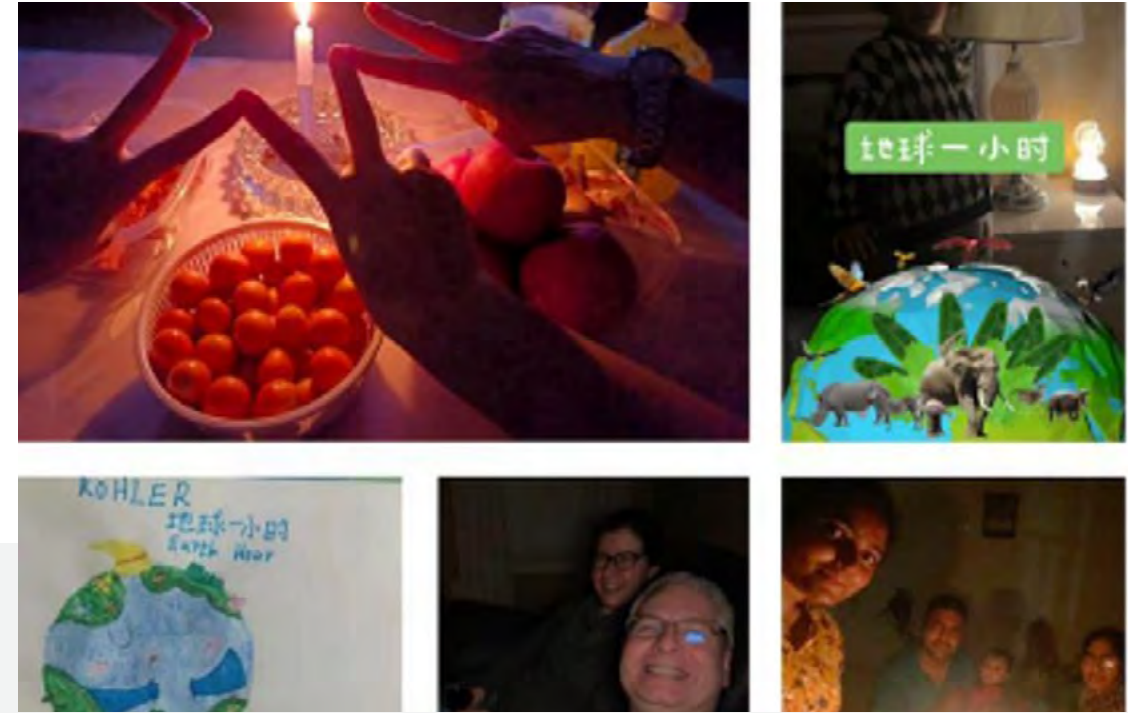
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EDUCATION AND REPORTING

We are committed to establishing the Kohler brand as the most environmentally friendly brand in our industries by building awareness and driving action toward environmental issues in our company and with our customers, promoting the environmental benefits of our products and services, and educating our customers on how to reduce emissions, energy use, water use, and waste in their own lives.

In 2022 Kohler Power Systems launched a global campaign, Sustainable Future, to educate customers about the advances made to make its generators more environmentally friendly. These advances include the ability to replace diesel fossil fuel with renewable hydrotreated vegetable oil (HVO), which can help customers reduce CO₂ emissions by up to 90%.

Kohler’s global Sustainability Champions are critical to increasing awareness of environmental issues throughout the company and spearheading sustainability initiatives. They also are a key part of addressing Kohler’s big rocks, the large challenges that are fundamental pillars to our operations but create large risks to our net-zero goals. The Big Rocks Sustainability Summit held in June 2022 brought together a cross-functional group of Sustainability Champions and technical leaders from our Kitchen & Bath operations to discuss challenges and develop strategies to improve water stewardship at plants in high-risk watersheds and reduce scope 1 emissions. The ideas generated at the summit are being driven by the Sustainability Champions who hosted the event through nine advanced-development projects that are progressing into the next year.



Earth Hour

On March 26 Kohler associates around the globe participated in Earth Hour, which is sponsored by the World Wildlife Fund to raise awareness of climate change by taking action to turn off nonessential lights for an hour. Nearly 200 associates participated, and Kohler donated \$10,000 to the World Wildlife Fund.

CDP DISCLOSURES

CDP, formerly known as Carbon Disclosure Project, is a nonprofit charity that runs the global disclosure system for organizations to report their environmental impacts. We continue to enhance our public reporting of environmental metrics through CDP and in 2022 maintained a Water Security score of B and a Climate Change score of B.

Reducing Environmental Impacts Across Operations

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In 2022 we began evaluating operations in our manufacturing sites using the Design for Environment (DfE) process, resulting in tangible ways to advance our net-zero 2035 goals—including moving toward renewable energy, reducing water consumption, and reusing waste materials in new ways.

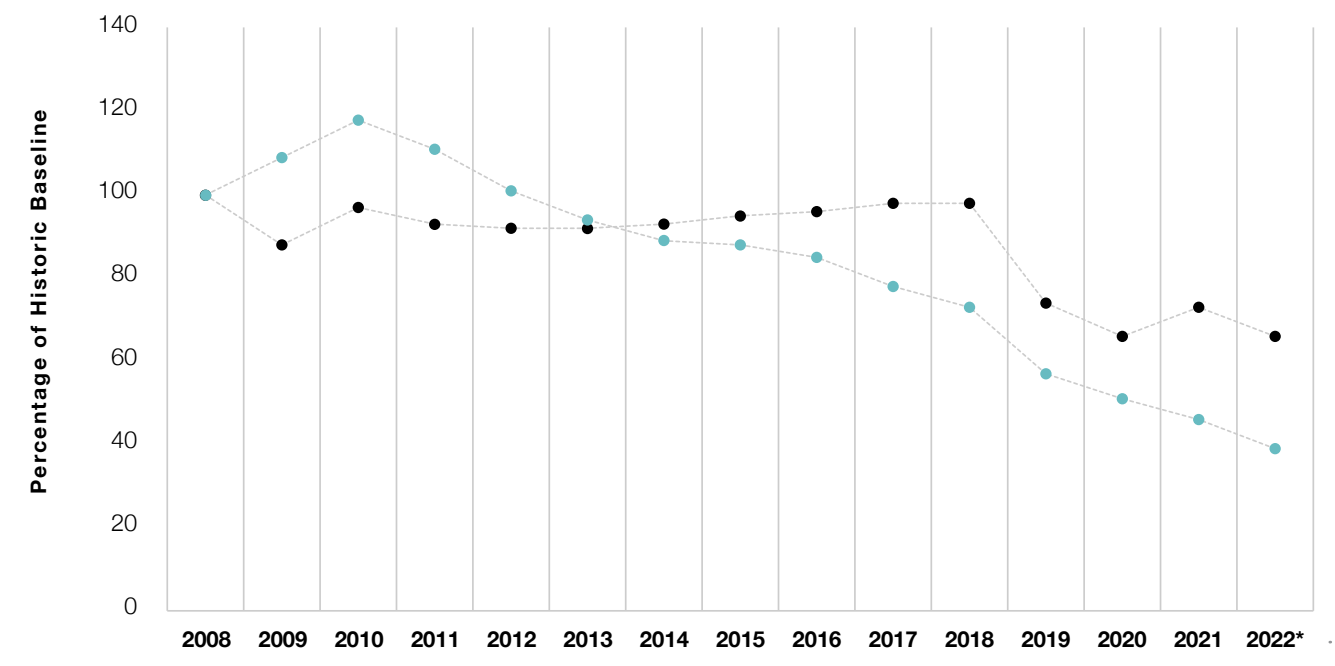
Every project considers many factors and the best ideas that come out of the DfE sessions are often unique to the particular process, region, or environment. Nine major projects were initiated, ranging from major equipment upgrades to entirely new greenfield installations. In 2023 we will expand this methodology throughout the enterprise and increase the number of projects that incorporate and execute DfE.

Kohler recognizes the outstanding accomplishments of our facilities through the internal Kohler Sustainability Excellence Awards. Facilities are eligible for the Kohler Sustainability Excellence Award though the achievement of their sustainability footprint reduction targets in the prior year. This award is given based on the assessment of several criteria, including the demonstration of high innovation, engagement with multiple stakeholders in the process, and the impact of their reduction.

Through emissions reduction initiatives, we have reduced our global net greenhouse emissions intensity by 62% since 2008 and by 17% in 2022.

Net Greenhouse Gas Emissions Across Global Operations (2008=100)

■ Absolute Net GHG Emissions
■ Net GHG Emissions/ \$M Revenue (intensity)



-17% Change in intensity in 2022

-62% Change in intensity from 2008 baseline to 2022

*In 2022 absolute net GHG reductions were partly attributed to reduced production and partly due to improved operational efficiency. Net GHG intensity reductions were partly attributed to sustained operational efficiency and partly attributed to increased product pricing.

GHG EMISSIONS REDUCTION

- ▶ We gather data and report on metrics according to the GHG Protocol, historically reporting since 2008 on scope 1 emissions (fuel consumed in our owned or controlled operations) and scope 2 emissions (generation of purchased energy obtained from our energy providers).
- ▶ We performed a climate risk assessment using scenario analysis to identify critical physical and transitional risks and opportunities that may impact our operations. We will use these learnings to deepen the integration of mitigation strategies to address these risks into our processes and operations.

GHG EMISSIONS REDUCTION

GHG Reduction Success Stories

- ▶ **Champagnole, France:** Our plant *reduced volatile organic compound (VOC) emissions* by using an activated carbon filter system. For these efforts, it received a Kohler Sustainability Excellence Award in 2022.
- ▶ **Brest, France:** Our Kohler Power Systems facility switched fuel used in its test lab from conventional fossil diesel to fuels made from renewable HVO. This change enabled 13,000 liters of fossil diesel that were previously burned at the test benches to be replaced by HVO fuel, *leading to a GHG emissions reduction of 31 metric tons*, based on a conversion factor of 0.957 kgCO₂e/kg. This effort will expand to the entire facility in 2023, with total GHG reductions projected at 864 metric tons.
- ▶ **Juárez, Mexico:** One of our largest facilities *reduced GHG emissions by 6,600 metric tons and improved energy efficiency* through many energy-efficiency projects. Its completed projects include reducing the use of compressed air, reducing natural gas use in kilns, and reducing the impact of defect repairs. This plant received a Kohler Sustainability Excellence Award in 2022.

Emissions Reduction

31 MT

of CO₂e annually in Kohler Power Systems plant in Brest, France

- ▶ **Brownwood, United States:** Our plant created a Strategic Energy Management (SEM) plan with its electric utility Oncor to eliminate wasteful use of electricity by analyzing the power consumption of the plant and its equipment. The analysis determined that improved detection and elimination of compressed air leaks would help the facility reduce its power consumption by 1.3 million kWh annually, *which is equivalent to preventing 921 metric tons of CO₂e*.
- ▶ **Kohler, United States, & Andradas, Brazil:** Our vitreous china sanitary ware plants identified process improvements that resulted in a reduction in kiln defects and *lowered natural gas usage by 9% in our Wisconsin plant and 16% in our Brazil plant*. This resulted in 1,155 MT of emissions saved collectively.

Emissions Reduction

921 MT

of CO₂e annually in Brownwood, Texas

GHG EMISSIONS REDUCTION

SCOPE 3 GHG EMISSIONS

In 2022 we made substantial progress toward implementing Kohler’s commitment, established by the Kohler Leadership Team (KLT) and Board of Directors in 2021, to report metrics and set targets for relevant scope 3 emissions, which are defined as all indirect emissions that occur in the value chain. Our Kitchen and Bath and Kohler Energy business units worked to identify what is material to our scope 3 emissions and we determined baselines that will be used to model future reductions and set targets, which will ultimately be combined into a company-wide scope 3 reduction goal.



Kohler’s procurement organization has three programs that address ESG with our suppliers. The Responsible Sourcing program reduces risk of potential forced labor with our suppliers by performing due diligence to the standards set forth within our Supplier Code of Conduct. The Supplier Diversity program supports the continued growth, increased visibility, and use of businesses owned by members of U.S. communities that are or have been historically—both socially and economically—underrepresented and underserved. Lastly, the Supplier Sustainability program focuses on improving the environmental sustainability of our supply base and purchased goods. Learn more in the [Transparency](#) section.

Clarke Energy Projects Reduce Scope 3 Emissions

Clarke Energy, a Kohler company, is a pioneer in biogas and converting landfill gas to power, securing 80% market share in this arena. Other successes include:

- ▶ They expanded to deliver 1.4 GW of biogas-fueled power globally, supporting sustainable waste management and renewable energy generation.
- ▶ They helped to reduce scope 3 emissions through energy-efficient combined heat and power (CHP) technology.
- ▶ They participated in several projects designed to help customers reduce GHG emissions through use of energy efficiency, emissions reduction, carbon capture, and renewable energy technologies. In Cambridgeshire, England, they will supply a CHP and water-source heat pump energy system for a greenhouse facility that will be used to grow 10% of the cucumbers consumed in Britain while **using 30% less CO₂** than a conventionally heated greenhouse.
- ▶ They will use CO₂ recovered from exhaust gases to enrich air in the greenhouse to help accelerate the growth process, while **waste heat generated from the system’s engines will be used to heat water** circulating in the greenhouses. This project won the United Kingdom’s Association for Decentralised Energy’s Integrated Energy Award 2022 and was runner-up in COGEN Europe’s 2022 Innovation Award.



Clarke Energy is part of a consortium that won the 2022 Water Breakthrough Challenge sponsored by Ofwat, the water services regulation authority for England and Wales.

RENEWABLE ENERGY

Increasing the use of renewable energy sources across our global operations is another significant contributor to our ability to reduce Kohler’s scope 1 and 2 GHG emissions. Kohler continues to invest in renewable electricity to help reach our net-zero goal.

In 2022 100% of the electricity for our U.S. and Canada operations continued to come from renewable sources such as wind and solar. Kohler ranked 45th in the U.S. Environmental Protection Agency’s Green Power Partnership list of largest consumers of renewable power in 2022 with 393.6 million kWh of annual power usage in the U.S. coming from solar and wind. Kohler’s power purchases from Enel Green Power’s wind farms in Kansas, known as the Diamond Vista project, have reduced our global carbon emissions footprint by 27%.

Outside of the U.S., we have solar power installations that generated 30.5 million kWh of power in 2022. These installations include two new solar projects installed in 2022 in Saraburi, Thailand, that will supply 5,500 kWh annually.

Renewable Energy

100% **54%**

of the electricity for our U.S. and Canada operations was from renewable sources in 2022

of global operational electricity was from renewable sources in 2022



Thailand Floating Solar Panels

Kohler’s plant in Saraburi, Thailand, completed two solar power installations in 2022, including an innovative 518 kW project to install 952 floating solar panels in a wastewater pond located at the plant. This project is the first of its kind within the company and is expected to help reduce costs by 5.59% per year.



45th in the U.S. Environmental Protection Agency’s Green Power Partnership

In 2019 Kohler joined the U.S. Environmental Protection Agency’s Green Power Partnership (GPP). The GPP is a voluntary program designed to encourage and recognize organizations for their commitment to using renewable energy sources. Since joining, Kohler has been included on the quarterly GPP National Top 100 Partner Ranking List 16 times.



Kohler Solar Field

Kohler Co.'s Corporate Properties & Facilities Management team marked the completion of the Kohler Solar Field with a ribbon cutting in June 2022. The Kohler Solar Field is a 2.25 megawatt ground-mounted system with over 9,000 solar panels situated on a parcel of land between I-43 and the distribution center at Kohler Co.'s headquarters that would otherwise be unused due to nearby power lines. The project will not only help reduce Kohler's environmental impact but this partnership with Alliant Energy will also provide enough clean energy to power 580 homes per year in Sheboygan County, Wisconsin.



EPA SmartWay Recognition

In 2022 Kohler was recognized as a SmartWay Transport Partner by the U.S. Environmental Protection Agency. SmartWay is a voluntary program that helps measure, benchmark, and improve freight transportation efficiency. Kohler values the sustainable movement of goods, seeking opportunities to assess and streamline shipping operations. Kohler has been a Shipper Partner since 2008 and a Truck Carrier Partner since 2010.



Alliance for Sustainability and Innovation

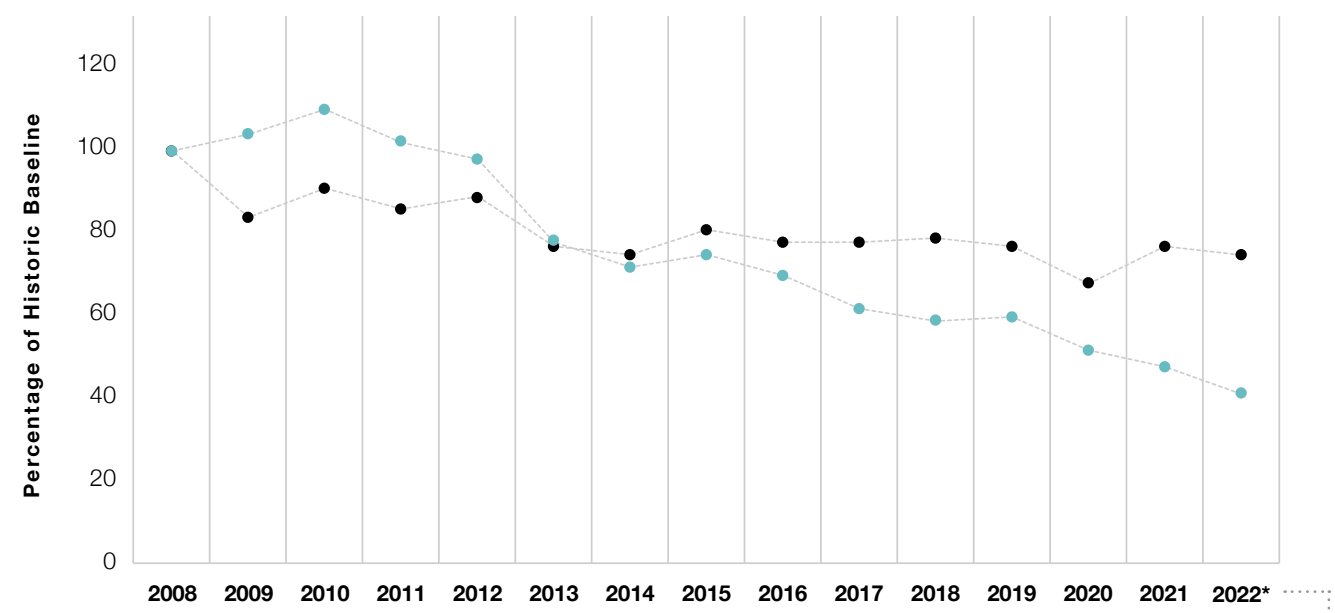
Kohler joined the eFuel Alliance in 2022 to demonstrate commitment to sustainable and innovative technologies. The eFuel Alliance is a group of companies and organizations committed to promoting the production and use of synthetic fuels (efuels) as a low-carbon alternative to traditional fossil fuels.

WATER STEWARDSHIP AND REDUCING WATER USAGE

The stress on the world’s water supply is of paramount concern for Kohler. Water is not only used in our manufacturing processes, but it is also the means by which many of our products deliver experiences. We have reduced our water withdrawal intensity by 57% since 2008 a result of water-reduction initiatives.

Water Withdrawal Across Global Operations (2008=100)

- Absolute Water Withdrawal
- Water Withdrawal / \$M Revenue (intensity)



-10% Change in intensity in 2022

-57% Change in intensity from 2008 baseline to 2022

*In 2022 absolute water reductions were attributed to reduced production. Water intensity reductions were partly attributed to both decrease in production and decrease in sales price.



One of Kohler’s largest plants, Sanimex in Mexico, won an internally designated Sustainability Award for reducing its reverse osmosis water consumption by 52%.



We recognize the importance of reducing our operational water usage and being responsible water stewards. This includes restoration efforts in key high-water-stress watersheds where Kohler has facilities.

In 2022 we had 75 associates complete risk assessments of seven Kohler facilities located in high-water-stress locations and the surrounding communities to better understand water quantity, quality, access and biodiversity as well as river fragmentation.

The results of these assessments will be used to develop action plans around reducing water usage in operations and in the management of discharges to minimize impacts on groundwater and other water supplies.

WATER STEWARDSHIP AND REDUCING WATER USAGE

Water Use Reduction Success Stories

- ▶ **Beijing, China:** Our faucet plant installed a smart water metering system this year to track and manage water more effectively in its processes. This project is estimated to *reduce the facility's annual water usage by 15%*.
- ▶ **Changzhou, China:** In 2022 our faucet operations installed a zero liquid discharge (ZLD) system for its plating line that allows the facility to recover *90% of wastewater for reuse in the plating process*, allowing the facility to rely less on higher-quality water sources.
- ▶ **Tangier, Morocco:** Our vitreous china facility completed a bathroom-improvement project that replaced pipes, valves, and fixtures, resulting in a *5% decrease in annual water consumption*.
- ▶ **Reynosa, Mexico:** In 2022 our metal facility installed a closed-loop recycling system for fire protection to save water being utilized for weekly testing, eliminated the prewash stage for certain processes, and installed water-saving valves in the domestic areas. These projects *reduced annual water consumption for these processes by approximately 45%*.



Kohler Seed Fund Supports Stormwater Project

Kohler's Spartanburg, South Carolina, property completed a stormwater project made possible by funding from Kohler Seed, a fund created to support associate-led sustainability initiatives. This sustainability project focused on modifying one of the location's stormwater outfalls to ensure only clean water leaves the Kohler property—enhancing the watershed.

WASTE MANAGEMENT

Kohler is committed to responsible management of the waste generated in our manufacturing and hospitality operations worldwide. We have established a global goal of sending zero waste to landfill by 2035 and are implementing programs to reduce, reuse, and reclaim materials used in the manufacturing process.

These programs include finding new uses for manufacturing waste such as repurposing otherwise landfill-bound materials as the basis for new products. KOHLER WasteLAB®, which was discussed earlier in this chapter, has used landfill-bound pottery, wastewater sludge, foundry dust, and enamel powder to design and produce new products, with 25.5 metric tons of waste diverted from landfills through WasteLAB product sales since 2019.

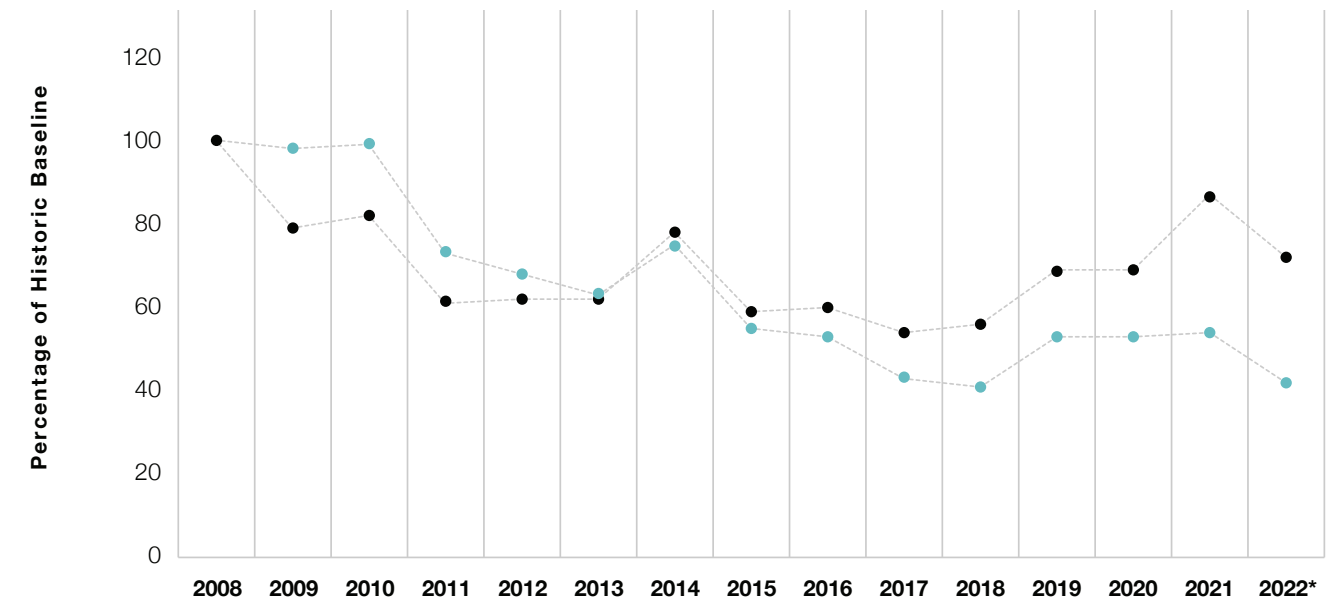
We have reduced our waste to landfill intensity in our operations and offices by 58% since 2008, and in 2022 the reduction was 23% from the prior year. These reductions have been achieved through process improvements and diversion initiatives to reuse or recycle waste previously sent to landfill.

We have several facilities globally that are leading the way to net-zero waste to landfill. In 2022 six manufacturing facilities reported net-zero waste to landfill, with an additional five facilities that are approaching net-zero. Combined, **this resulted in 8,313 metric tons of waste diverted from landfill**. One of the facilities was Kohler Power Systems in Johor Bahru, Singapore. In addition to maintaining its waste

segregation projects separating its largest waste streams, it has been actively working to transition its facility to phase out paper use by digitizing as much as possible. Another great facility initiative was our faucets facility in Cheltenham, U.K., which implemented a waste education program and expanded recycling sorting to make sure that associates segregated all waste streams.

Net Waste Across Global Operations (2008=100)

- Absolute Net Waste
- Net Water/\$M Revenue (intensity)



-23% Change in intensity in 2022

-58% Change in intensity from 2008 baseline to 2022

*In 2022 absolute net waste reductions were due to production decrease and an increase in recycling practices in China and India facilities. Net waste intensity reductions were due to both production decrease and increase in recycling practices and in addition, increases in sales price.

WASTE MANAGEMENT

Waste Reduction Success Stories

- ▶ **Andradas, Brazil:** Our facility made process improvements to reduce the amount of waste treated through its sewage treatment station, reduce the amount of sludge sent to landfill, and increase overall efficiency. Over the past two years the plant has achieved a **58.5% reduction in sludge generated per item** and a 21.5% cost reduction.
- ▶ **Champagnole, France:** Our facility reused 919 metric tons of wood scraps from panels to heat the entire production site and office headquarters. It also **reduced its waste disposal by 25% and decreased cardboard consumption by 4%**. For these efforts, it received a Kohler Sustainability Excellence Award in 2022.
- ▶ **Nanchang, China:** Our faucet plant continues to increase the amount of waste materials recycled, including waste sand, sludge, plating wastewater, and waste filter paper, supported by an advanced wastewater treatment system with multistage reverse osmosis membrane and vacuum distillation technologies. The amount of **non-recyclable waste produced at the plant has been reduced by 60% over a five-year period** and the cost for processing of nonrecyclable waste decreased by 33%.

Waste Reduction

60%

reduction in nonrecyclable waste since 2017 at Kohler's plant in Nanchang, China

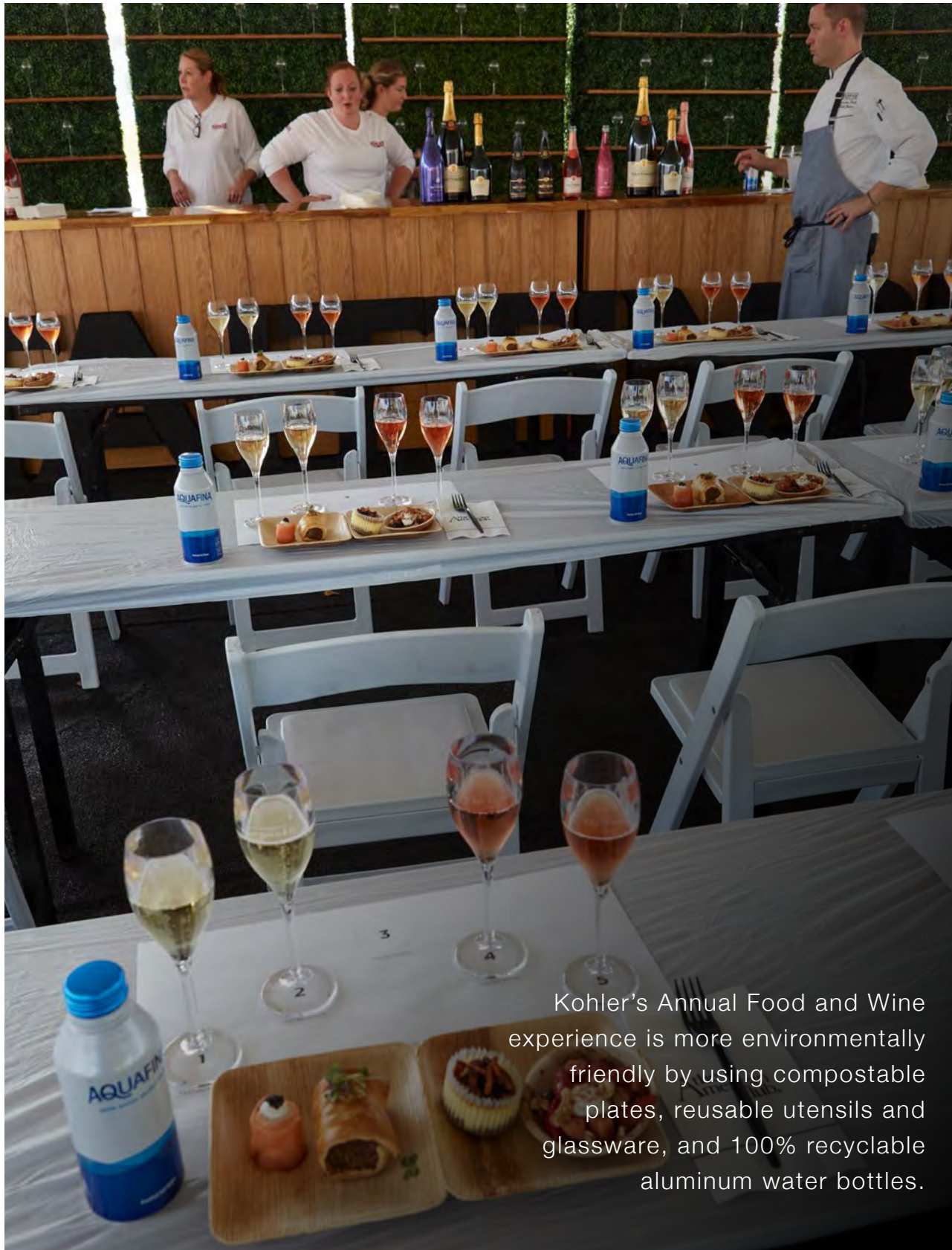
- ▶ **Sariburi, Thailand:** Our vitreous china plant automated its machine casting which **reduced scrap clay by 1,130 tons per month** and defective product by 111 tons per month.



KOS Green Cup

The annual Kohler Operating Systems (KOS) Cup competition highlights our associates in Kitchen & Bath manufacturing sites around the world and their commitment to continuous improvement across five categories, including the KOS Green Cup, which recognizes projects that reduce environmental impacts. In the 2022 competition nearly 200 project teams submitted entries in the regional competitions for projects completed over the past 12 months. The 2022 winner of the KOS Green Cup was our Nanchang faucets plant for reduction of non-recyclable waste.

WASTE MANAGEMENT



Kohler's Annual Food and Wine experience is more environmentally friendly by using compostable plates, reusable utensils and glassware, and 100% recyclable aluminum water bottles.



Green Restaurant Certification

All 16 restaurants at Destination Kohler and LODGE KOHLER® are now Green Restaurant-certified from the Green Restaurant Association. The first 12 were completed in 2021 and the remaining four were completed in 2022. Our waste management program includes elimination of paper and single-use plastic products and diversion of food waste from landfills. In 2022 Destination Kohler in Wisconsin diverted 106.1 tons of food waste from landfills using the innovative food waste recycling system Grind2Energy.

Green Restaurant Certifications

4

additional Green Restaurant certifications in 2022

Better Communities

Kohler's Better Communities strategy is to support the growth and economic development of communities where associates live, work, and operate through access to clean water, safe sanitation, health and well-being services, environmental conservation, education, and support of the arts. Since 1990 we have impacted over 17 million lives through our Better Communities strategy.

In 2022 activities implemented to further our Better Communities strategic goals resulted in over one million lives impacted, with our Kohler associates involved in community engagement activities around the world.



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Better Communities Strategy Overview

Ambitions	Initiatives	Metrics	2022	Historic
Cultivating strong communities	Community partnerships	Percentage of significant operations that have local community engagement	92%	87% in 2021
	Corporate giving	Value of corporate donations (in-kind and cash)	\$9,251,655	\$177,936,468 since 1990
	Associates in action	Number of global community engagement activities	300+	80+ in 2021
Delivering safe water and sanitation	Safe Water for All	Lives impacted through Safe Water for All initiatives	356,000	2,205,672 since 2014
Harnessing inspiration through art	Arts/Industry program	Lives benefited from Kohler support of the arts	33,183	1,300,365 since 1990

03

BETTER COMMUNITIES

Cultivating Strong Communities

1 2 3

PARTNERSHIPS

Kohler’s stewardship team oversees the assessment of community needs at the locations around the world where we have sizable operations. We work directly with key community partners and humanitarian organizations to mobilize volunteers and provide corporate grants to fund local projects. Through engaging with local leadership, government, coalitions, and economic development officials, we are better able to understand local issues and take a customized approach to find solutions. Our stewardship work is overseen by our Chief Sustainability and DEI Officer, who communicates our social impact results to the Kohler Leadership Team and Board of Directors annually.

Kohler’s charitable giving is targeted primarily on education, health and well-being, and the arts, with \$9.3 million in-kind and cash donations awarded in 2022. The annual Kohler Co. College Scholarship Program was established in 1984 to support students in our communities as they further their education. In 2022 we donated \$814,903 to fund scholarships for 128 students at more than 50 schools. Since 1990 almost 2.7 million lives have benefited through scholarships and university support with 192,020 lives benefited in 2022.

Several of our partnerships also advance environmental conservation. Since 1990 Kohler has impacted almost 155,000 lives through environmental conservation initiatives and 4,148 lives in 2022.

In 2022 Kohler charitable giving totaled

9.3M

in-kind and cash donations



92% of global Kohler locations with more 100 associates have formal stewardship plans or engage in stewardship activities.

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BETTER COMMUNITIES

PARTNERSHIPS

Education Partnerships

In 2022 Kohler continued to expand support of educational programs focused on equity of opportunity and access to education for students at each stage of their development—K–12, higher education, and transition to the workforce. We have invested in programs supporting historically Black colleges and universities (HBCU) and organizations dedicated to expanding diversity, equity, and inclusion in education in Huntsville, Ala.; Milwaukee, Wis.; and Sheridan, Ark.

- ▶ **Thurgood Marshall College Fund:** We also continued our partnership in 2022 to *provide scholarships totaling \$84,813* to support students attending HBCUs. Through this partnership we launched the Kohler Scholars Program, which selects two students to receive a scholarship along with mentorship and an internship with Kohler.
- ▶ **Greater Milwaukee Urban League:** Through this partnership, Kohler *awarded ten scholarships* in 2022 to Milwaukee public high school students to be used towards a pursuit of higher education.
- ▶ **College Possible, M-Cubed, and United Way:** In 2022 we *partnered with three organizations in Milwaukee to host groups of students at the Kohler campus* for activities, including tours of the campus, career exploration panel discussions, and visits to the Kohler Design Center and KOHLER WasteLAB®.

\$640K

invested in programs supporting students at HBCUs and organizations focused on expanding diversity, equity, and inclusion in education in Huntsville, Ala.; Milwaukee, Wis.; and Sheridan, Ark.

Huntsville



Milwaukee



Sheridan



PARTNERSHIPS



Health and Well-Being Partnerships

Kohler formed a partnership in 2022 with the Milwaukee Bucks Foundation and Jrue and Lauren Holiday to address domestic violence by supporting shelters across Wisconsin in honor of Purple Thursday and National Domestic Violence Awareness Month. Our partnership will bring more than \$200,000 of bathroom product upgrades and additional help to shelters and domestic violence organizations across Wisconsin, starting with Sojourner Family Peace Center and Hope House in Milwaukee and The Women’s Center in Waukesha.



College Possible Corporate Partner of the Year Award

Kohler was named Corporate Partner of the Year in 2022 by College Possible Milwaukee for the company’s commitment to supporting students from under-invested communities through the Kohler Scholars Program.

Health and well-being partnerships will bring more than

\$200K

of bathroom product upgrades and additional help to shelters and domestic violence organizations across Wisconsin

Health and well-being services

2.6M

lives have been impacted through Kohler provided health and well-being services since 1990, with 111,000 individuals receiving services in 2022.

COMMUNITY IMPACT THROUGH GIVING

Kohler supports a range of nonprofit organizations focused on serving critical education, health and well-being needs in our communities.

Kohler provided support for the construction of a new environmental education facility that opened in 2022 in Sheboygan, Wis., in partnership with Friends of the Sheboygan Marsh. The Kohler Center for Marsh Education is a U.S. Green Building Council LEED-certified facility that features spaces for classes, receptions, and exhibits, plus it will serve as the campground's restroom facility.

Kohler has committed \$100,000 over five years to the University of Wisconsin–Platteville to support student scholarships and the naming of the Kohler Mechanical Engineering Technical Elective Lab in the newly constructed engineering building, Sesquicentennial Hall.



COMMUNITY IMPACT THROUGH GIVING

In 2022 Kohler donated \$4.5M in products and in-kind giving to:

Kohler continued to leverage investments in workforce development in 2022 through support of technical education, including the following partnerships:

- ▶ **Red Raider Manufacturing (Wis.)**
- ▶ **Pearl River Community College (Miss.)**
- ▶ **Sheridan High School (Ark.)**
- ▶ **Lakeshore Technical College (Wis.)**
- ▶ **Waukesha County Technical College (Wis.)**
- ▶ **Plumbing academies in India**

ASSOCIATES IN ACTION

We are proud of Kohler associates worldwide who take action to have a positive impact on the quality of the environment, education, diversity, equity, inclusion, and health and wellness in our communities. Our associates contribute their time and talents to meet critical needs and strengthen organizations in their communities focused on these issues. In 2022 Kohler global associates initiated more than 300 community engagement activities.

To support these efforts by our U.S. associates, in 2022 we launched a paid volunteer time off (VTO) program which provides eight hours per year to all full-time U.S. associates. To date, associates have used over 2,000 VTO hours to volunteer in their communities. To help connect associates to volunteer opportunities, in 2022 we launched the Believing in Better® (BiB) app to all U.S. associates. The BiB app offers over two million registered nonprofit and volunteer opportunities, including virtual and skills-based volunteering, helping associates find more ways to take action on the pressing issues they care about.



Stewardship is something that we can all do, or be part of—it's not limited to specific teams or businesses. It's our opportunity to give back."

Lelani Bester,
Sr. Office & Communications Admin.



Among the Highlights in 2022:

- ▶ **Hattiesburg, United States:** 20 associates *volunteered in the children's area* at HUBFEST, Hattiesburg's premier arts and music festival.
- ▶ **Saraburi, Thailand:** Associates *conducted a tree-planting drive* with local schools and the Department of Labour Protection and Welfare, planting 149 trees.
- ▶ **Cheltenham, United Kingdom:** The Mira IT team *organized a donation of 200 PCs and laptops* for IT Schools for Africa.
- ▶ **Chikarang, Indonesia:** Associates supported Rumah Harapan Cikarang orphanage with facility improvements, *caring for nearly 1,800 children* across four provinces.
- ▶ **Sheboygan County, United States:** 120 KBNA associates *came together to volunteer across four nonprofit organizations*. Associates built stage sets at Dare to Dream Theatre, picked up trash and pulled invasive species at Kohler-Andrae State Park, fixed up the grounds at Camp Evelyn, and prepared meals and garden beds at Meals on Wheels.
- ▶ **Kohler, United States:** 1,050 backpacks and 25 special education kits were assembled at the 2022 Associate Picnic. With the partnership of United Way of Milwaukee and Waukesha Counties and United Way of Sheboygan County, *backpacks and kits were distributed to freshman attending James Madison Academic Campus, Washington High School of Information Technology, and Sheboygan County elementary schools*.
- ▶ **Yan'an, Shanxi Province, China:** Associates completed the eleventh Kohler forest through *planting 3,000 trees*, resulting in 436,233 trees planted since 2010.

ASSOCIATES IN ACTION



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BETTER COMMUNITIES

- ▶ **Milwaukee, United States:** In September and October, a professional clothing drive was held that collected and donated 1,868 items to the Bottomless Closet, a nonprofit organization in Milwaukee, and raised \$840 in online gift credits from Kohler associates. With a match from Kohler, a **total of \$1,680 was donated to the worldwide nonprofit Dress for Success.**
- ▶ **Ho Chi Minh City, Vietnam:** Associates partnered with Tan Thong Nursing Home to improve toilets and sanitation conditions in addition to **volunteer activities with 102 residents.**
- ▶ **Sheboygan, United States:** Ten Kohler Waters Spa therapists and The American Club® teamed up to **recognize and celebrate over 30 nurses** with 15-minute chair massages and take-home meals at Lakeshore Community Health Care.
- ▶ **Tangier, Morocco:** Supporting **700 people** across 14 communities, in partnership with local medical students, associates from the Jacob Delafon plant helped organize the Tangier Morocco Medical Caravan to improve community health outcomes.
- ▶ **Visayas, Philippines:** Associates organized a donation of a six-month supply of menstrual hygiene products to **support 83 women** between the Department of Social Work and Good Shepherd Welcome House.
- ▶ **Telok Kurau, Singapore:** 21 associates volunteered at Willing Hearts organization, preparing meals that **benefited an estimated 5,000** elderly or disabled persons, low-income, children from single-parent or otherwise poverty-stricken families, and migrant workers in Singapore.
- ▶ **Reggio Emilia, Italy:** At the start of the war in Ukraine, more than **150 associates** donated things such as blankets, winter clothes, masks, and children's products.

ASSOCIATES IN ACTION



I have the chance to be part of the incredible Moroccan Stewardship team that counts several members from different departments (HR, Finance, Manufacturing, Supply Chain, Engineering...). We are open to all kinds of initiatives, and we try to diversify our activities. We have achieved several community actions that consisted of donation of PCs to schools, blood donations, humanitarian caravans, food for homeless people, Children's Day, [and] donations of plumbing fixtures."



Boutaina El Gallaf,
HR Advisor-Talent



The American Legion Post 555 in Sheboygan I belong to sponsored the kickoff for the fundraising ride to the Highground Veterans Memorial site in Neillsville, Wis. We raised \$4,750 for this interactive memorial, which will be applied to upgrades for ADA access improvements to the facility. Thank you for allowing me to support our community and veterans during regularly scheduled work hours. I am grateful to Kohler Company for this benefit."



Kerk Evans,
Facilities Maintenance & Inspection Coordinator



United Way Associate Fundraising

With Kohler's match, our associates in the U.S. have contributed more than \$8.3 million to the United Way since 2000, including nearly \$300,000 in 2022—98% of which stayed in local communities. In 2022 an estimated 53,071 people were served through United Way donations.

ASSOCIATES IN ACTION

Helping Communities in Time of Need

Kohler associates support disaster relief and critical needs in their communities by contributing tax-deductible donations to the Kohler Relief Fund, which provides qualifying recipients with one-time tax-free grants. With Kohler matching, associates were able to have the following impact in 2022:

Wisconsin

\$8,762

Outreach of Wisconsin in partnership with KAVS

\$1,488

to PFLAG in partnership with Kohler PROUD

\$2,766

to the Breast Cancer Research Foundation in partnership with Women@Work

\$1,482

for the Afghan Refugee Support Drive through a collaboration between KAVS, Women@Work, and VIVA Kohler

Florida

- ▶ Kohler Energy moved emergency power equipment to the areas impacted by Hurricane Ian
- ▶ Kohler Co. matched **100% of associate donations for a total of \$6,218** distributed to the American Red Cross, Team Rubicon, Operation Blessing, and World Vision

Ukraine

- ▶ Associates from around the world raised funds for Ukraine through events that included a 43-mile walk (the average distance that fleeing Ukrainians must travel to reach refuge)
- ▶ Kohler Power Systems partnered with Electriciens Sans Frontières to donate portable generators
- ▶ Kohler matched donations made by associates to the UN High Commissioner for Refugees, Water Mission, and World Vision

Puerto Rico

Kohler Co. matched **100% of associate donations to aid victims of Hurricane Fiona, donating a total of \$975** across the American Red Cross, International Medical Corps, Hispanic Federation, World Center Kitchen, Americares Foundation, and Center for Disaster Philanthropy

Delivering Safe Water and Sanitation

1 2 3

SAFE WATER FOR ALL

Water is at the heart of everything Kohler does, and conserving water and ensuring safe water and sanitation is critical to daily life—not only for drinking but also for sanitation, handwashing, and overall health. There is a safe water crisis globally, with more than two billion people living without access to safely managed water, more than four billion people living without safe sanitation, and three billion people living without access to basic handwashing at home. We believe this safe water crisis is unacceptable, and at Kohler we’re taking action to make safe water and sanitation a reality for all.



In 2022 we impacted the lives of

356K

people around the world through Safe Water for All initiatives and products

Kohler’s flagship initiative, Safe Water for All, leverages our company’s expertise and global reach along with the talent and passion of our associates to push change and awareness for populations around the world. Since 2014 we have impacted more than 2.2 million lives through Safe Water for All initiatives and products. These initiatives are pursued across four focus areas:

- ▶ **Water Stewardship:** As discussed in our Better Planet chapter, Kohler is committed to sustainable water management at our plants and the watersheds they inhabit.
- ▶ **Products:** We are committed to developing environmentally friendly products that conserve water and provide solutions for safe water and sanitation in underserved communities, including the WaSH products developed through our Innovation for Good® incubator.
- ▶ **Impact Projects:** We partner with humanitarian organizations and local partners on community projects to develop, fund, and monitor customized solutions that meet the unique needs of each community.
- ▶ **Advocacy:** We use our reach and platforms to build awareness around the intersection of the global water crisis and climate change through events, responsibility of design, and key partnerships.

Updated Plumbing

8.3M

lives benefited from updated plumbing since 1990, including 404,000 in 2022

SAFE WATER FOR ALL

Kohler Run/Walk for Safe Water

The annual Kohler Run/Walk for Safe Water is a month-long challenge that attracts thousands of participants from around the globe with intent to educate and raise awareness around the global water crisis. In September 2022 more than 100,000 runners, walkers, wheelchair users, and hikers from 182 countries covered a total of 8.8 million kilometers. To date, Kohler has contributed over \$1 million on behalf of participants in the Run/Walk for Safe Water.

Kohler has contributed over

\$1M

on behalf of participants in the Run/Walk for Safe Water since its launch in 2017



Raising Awareness of the Global Water Crisis

Through our Safe Water for All exhibition at the Kohler Design Center located at our headquarters, we raise awareness of positive solutions to the global water crisis, including innovative product design and technology. In 2022 over 40,000 in-person visitors to the Kohler Design Center had access to the exhibit, and the exhibition is shared through an online virtual tour.

In 2022 over

40K

in-person visitors to the Design Center had access to the Safe Water for All exhibit

SAFE WATER FOR ALL

WaSH (Water, Sanitation, and Hygiene) Projects

03



Jhagadia, India
Navagam Community
Bathing Stations

142

households have been equipped with secure and private bathing stations to improve health and hygiene outcomes and security

Gujarat, India
Handwashing Stations

1,150

students supported across ten government schools in the state of Gujarat

Xingren, Guizhou, China
Drinking Water and
Sanitation System Project

757

students and 60 teachers of the Xingren Wangjiazhai School benefited from new water pipes, a gutter system, and handwashing stations in partnership with World Vision China

Yangxian, Shaanxi, China
Shijiawan Community
Drainage Project

500

community members benefit from this project with World Vision China that provided handwashing sinks and improved washbasin and community sanitation facilities in rural areas. This kicked off in August 2022 and will be completed in 2023



Indonesia
Supporting At Home
Water Monitoring

19

communities supported with ongoing water quality monitoring executed by Water Mission



Thailand
Water-Filtration
System Update

100

students in the Kaeng Khoi community area benefited from a water-filtration system at Watnoisamakkeethum Primary School to make the water, which had previously only been safe for washing and cleaning, now safe for drinking. In addition, the team renovated the school's toilets to enable students and teachers to have an improved sanitation experience

Indonesia
Rumah Harapan
Cikarang School and
Orphanage Improvement

200

students and children impacted by improved bathrooms and handwashing facilities and hygiene education

SAFE WATER FOR ALL



The Power of a Shower

In a 2022 initiative driven by the Kohler Kitchen & Bath Group, Kohler partnered with LavaMae^x, a San Francisco-based organization providing education and training to organizations and bringing mobile showering and essential care services to the streets. Kohler's support helped supply grants to seven mobile showering service providers across the United States, impacting an estimated 20,000 lives. In December alone, 14,703 showers were provided to 9,219 guests, supported by 3,887 volunteers across service providers that received support via Kohler and LavaMae^x.

The KOHLER Relief Shower Trailer, which was born out of the Innovation for Good[®] program, has been under the care of The Shower of Hope, a Los Angeles-based organization. The trailer is used to provide showers to the unhoused and low-income people in the Los Angeles area, with more than 7,000 showers provided in 2022.

DigDeep

In 2022 Kohler continued to fund the Water Is Life Fund microgrant program, which funds grassroots projects that provide access to water solutions across the Navajo Nation. The program funded ten projects in 2022, including community water storage and water delivery programs which have impacted an estimated 1,806 lives and a water project at the Western Navajo Fairgrounds.

Since 2021 the Water Is Life Fund has supported 23 projects and has impacted an estimated 4,000 lives in over 815 households across Arizona, Utah, and New Mexico, and will benefit 100,000 annual visitors to the Western Navajo Fairgrounds.



Harnessing Inspiration Through Art

1 2 3

ARTS/INDUSTRY PROGRAM

Kohler’s mission of contributing to a higher level of gracious living for those who are touched by our products and services is the foundation of our advocacy and support of the arts and art organizations in our communities.

Since 1974 Kohler has collaborated with the John Michael Kohler Arts Center in Sheboygan, Wisconsin, on the Arts/ Industry residency program. Each year, up to twelve artists are selected through a competitive juried application process to focus on the creation of new work using the resources, technology, and materials of Kohler’s pottery, foundry, and enamel shops alongside our associates. The program offers residencies for artists to live in Kohler and work alongside our manufacturing associates, sharing knowledge and expertise. More than 500 artists have participated in the program since its establishment, and we continue to shine a spotlight on former artists-in-residence.

**Life without labor is guilt;
labor without art is brutality.**

- John Ruskin, Writer,
Philosopher, and Art Critic



There are a lot of residencies out there, but to have the level of support that we have is extraordinary. It's been really amazing."

Joann Quiñones,
Arts/Industry Resident



The residency has been incredible. I have learned so much. The Arts/ Industry residency allows you the opportunity to work with materials and processes that you would never be able to use anywhere else."

Jesse Harrod,
Arts/Industry Resident



Sarah Kahn
Arts/Industry Resident,
Kohler Pottery

ARTS/INDUSTRY PROGRAM

Twelve artists participated in the Arts/Industry program in 2022. A large selection of artworks from the program are displayed in the Village of Kohler and across the Kohler campus, including the Kohler Design Center. Artworks from the Arts/ Industry program are also displayed at KOHLER® Experience Centers and KOHLER Signature Stores around the world. In 2022 we relaunched our creative exchange program between Kohler associates and artists, including open houses that give associates an opportunity to connect with the artists in their studio spaces.



Jesse Harrod,
Arts/Industry Resident,
Kohler Foundry



Joann Quiñones,
Arts/Industry Resident,
Kohler Foundry

Better Lives

Kohler's Better Lives strategy centers on improving our workplace and the lives of more than 39,000 associates worldwide by offering competitive benefits, workplace safety programs, engagement initiatives, and opportunities for innovation which combine gracious living with a positive outcome.

We believe everyone deserves a workplace that encourages them to grow and feel a sense of value, purpose, and belonging. We also believe that each associate is a leader, and we are committed to building a supportive community that empowers our associates to innovate across our organization.



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Better Lives Strategy Overview

Ambitions	Initiatives	Metrics	2022	Historic
Shaping diverse and inclusive teams	Diversity hiring initiatives	U.S. associate diverse hires, permanent and exempt	53% (exceeded goal of 50%)	55% in 2021
	Company-wide engagement survey metric	Inclusion score	79	80 in 2021
	Business resource groups (BRGs)	New BRGs	2	8 since 2018
Enhancing quality of life at Kohler	Learning and development opportunities	Hours of learning completed by associates globally	139,000	97,000 in 2021
	Caring for the well-being of our associates	Number of global administrative salaried associates completed year-end reviews	96%	94% in 2021
Activating all associates for impact	Innovation for Good® I-Prize	Global associates participating in I-Prize	118	491 since 2018
	Employee engagement in environmental and social impact	Total Sustainability Champions in Kohler	846	546 in 2021

Shaping Diverse and Inclusive Teams

1 2 3

Kohler is stronger and more innovative when we nurture what makes each of us unique, allowing everyone to bring their best self to work and achieve their highest potential.

We believe in a safe and welcoming workplace where hate and discrimination have no place—ever. We treat one another with dignity and respect and are building diverse teams that reflect our customers and communities around the world. Our Code of Ethical Conduct reinforces our commitment to fairness and providing equal opportunity in all employment-related processes and programs, because it's the right thing to do.

Our diversity, equity, and inclusion (DEI) programs are managed at a senior-management level through the Executive Leadership Diversity Board (ELDB), chaired by our Chair & CEO and composed of the Kohler Leadership team and key senior leaders. The ELDB implements our DEI programs and monitors our progress toward **DEI goals focused around four pillars.**

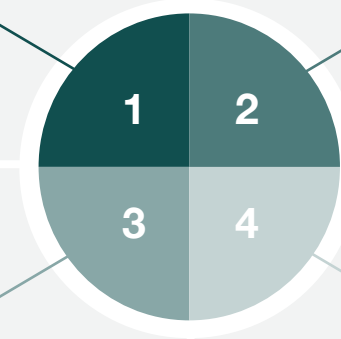
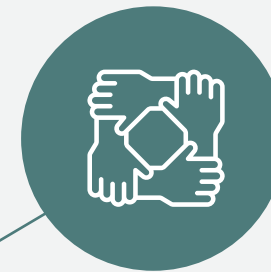
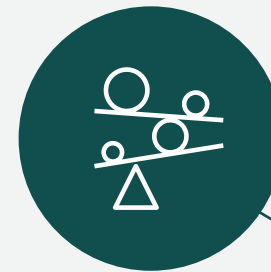
In 2022 we created a new executive role to strengthen our focus around DEI and to lead efforts to deliver upon our commitments.

Balanced Teams

We aspire to build a balanced workforce, seeking to delight customers we serve and reflect the local communities of our businesses around the globe

Inclusive Culture

We are equally responsible for fostering a workplace that welcomes differences and encourages authentic conversations that inspire optimal performance and innovation



Diverse Suppliers

We work to develop a supplier base that uplifts and supports minorities, women, the LGBTQIA+ community, veterans, and those who are disabled

New Markets

We curiously explore new markets around the world by approaching opportunities through diverse lenses and perspectives





At Kohler, we believe in the collective power of diversity. To challenge what's possible and dare to be bold, we draw from each other's differences to become more. We believe together we can make life better for our associates, our customers, and the communities around the world. Diversity, equity, and inclusion are where innovation begins—and creating for the future starts with empowering people who are as diverse as the world around us."



AJ Hubbard,
Sr. Director – Diversity, Equity, and Inclusion



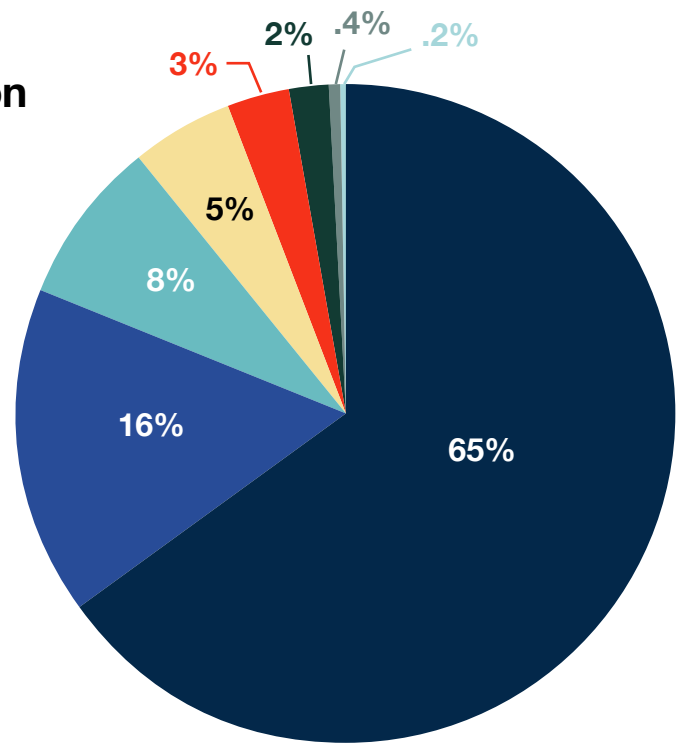
The company cares about its employees and works hard to ensure engagement and a strong sense of belonging. As a company, Kohler has something for everyone—BRGs, speaker series, access to LinkedIn Learning courses, cultural celebrations, opportunities for connection, encouragement of engagement/team building activities."

Associate comment from our 2022 Engagement Survey

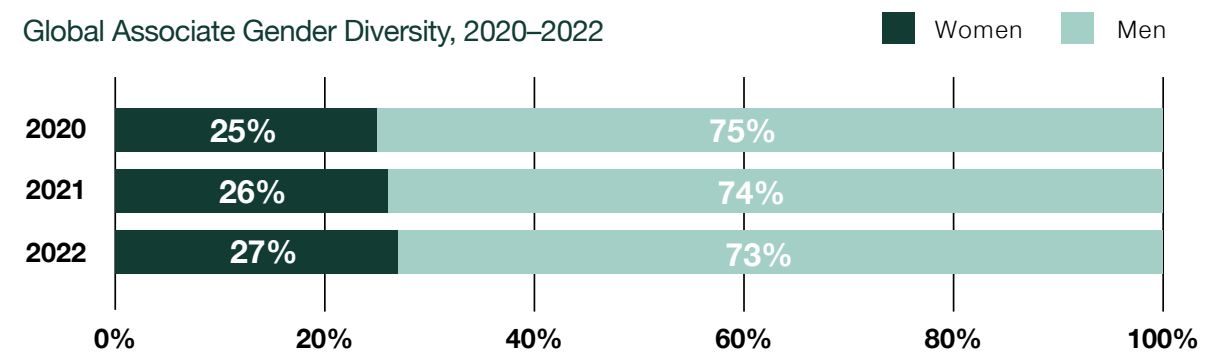
Workforce Representation

U.S. Racial and Ethnic Diversity, 2022

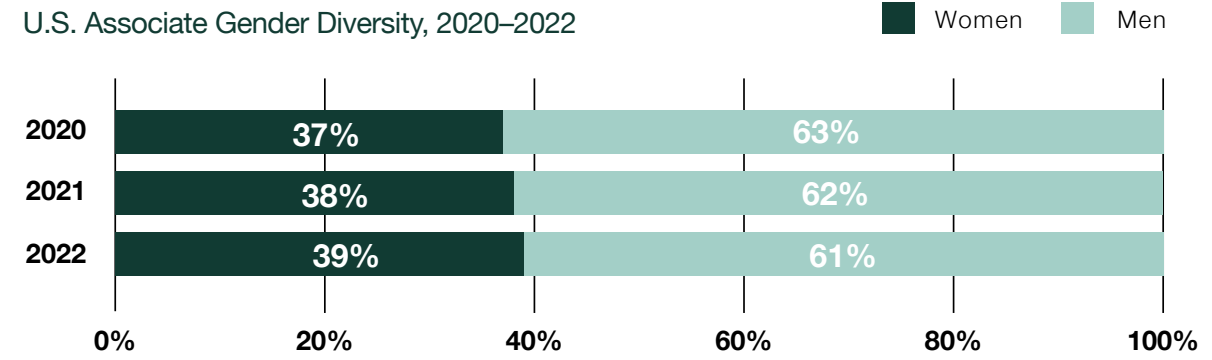
- White
- Black or African American
- Hispanic or Latino
- Self-identification not provided
- Asian
- Two or more races
- American Indian or Alaska Native
- Native Hawaiian or other Pacific Islander



Global Associate Gender Diversity, 2020–2022



U.S. Associate Gender Diversity, 2020–2022



U.S. Diverse Hires

53% of new U.S. exempt hires were diverse

KOHLER BUSINESS RESOURCE GROUPS

Kohler Business Resource Groups (BRGs) play a vital role in our DEI work at Kohler. Led by the passion of our associates, BRGs are made up of like-minded individuals from across the business and are expanding around the world. While inherently diverse, each BRG is united under a common purpose: to create a more diverse and inclusive workplace. Kohler BRGs enrich our culture and build community—all while making a business impact. Examples of BRG business impact include the development of recruitment and retention initiatives, business partnerships, and feedback offering meaningful cultural insights to help us see around corners. In addition, BRGs contribute to our culture through ongoing educational and training opportunities, discussion panels, featured speakers, events honoring various heritages and days of observance, and stewardship opportunities supporting the communities where we live and work.

In 2022 we established two new BRGs: Asian Resources of Kohler (ARK) and BOLD Ability.

1,527 BRG members in 2022



I want society to see that my impediment doesn't block me from being an active member and that we are all equal. I do feel like I belong at Kohler. I don't feel isolated or left out. They give me equal access."

Ashley Schrubbe,
Assistant CAD Design Analyst



Each of our BRGs is led by a senior Kohler leader who serves as a liaison to Kohler management and a champion for the group. In 2022 the BRG leaders all completed our Inclusive Leader Training to better equip them to support our BRG members and associates.

- ▶ **ARK** – Asian Resources of Kohler
- ▶ **BLK Catalyst** – Black Support Organization
- ▶ **BOLD Ability** – Associates With Disabilities and Their Allies
- ▶ **HeadsUP** – Mental Health Advocates
- ▶ **KAVS** – Kohler Alliance of Veterans and Supporters
- ▶ **Kohler PROUD** – LGBTQIA+ Associates and Allies
- ▶ **Namaste** – Indian Culture and Diversity Supporters
- ▶ **VIVA Kohler** – Latino Associates and Supporters
- ▶ **Women@Work** – Female Associates and Their Allies
- ▶ **YPK** – Young Professionals of Kohler



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KOHLER BUSINESS RESOURCE GROUPS

Kohler PROUD



Namaste



Women@Work: The Kohler Women's Leadership Summit planning committee hosts a professional clothing drive.



VIVA Kohler

SUPPORTING THE LGBTQIA+ COMMUNITY IN PARTNERSHIP WITH PFLAG

Partnering with our KOHLER Original Recipe Chocolates business, the Kohler PROUD BRG developed Facets of Love, a limited-edition collection of rainbow chocolates available during Pride Month. Proceeds from every Facets of Love Pride Collection purchase were donated to PFLAG, an organization dedicated to help build and support a safer and more inclusive environment for family, friends, and members of the LGBTQIA+ community.

2022 CORPORATE EQUALITY INDEX

Kohler continues to improve our corporate policies and practices related to LGBTQIA+ workplace equality. **In our latest recognition from the Corporate Equality Index (CEI) administered by the Human Rights Campaign, we received 90 out of 100 points**, earning the highest ratings for our work on antidiscrimination policies, benefits for same-sex spouses and transgender people, and respectful workplace training. The rating is a testament to the work of our associate-led BRG, Kohler PROUD, which continues to promote an inclusive organization by identifying opportunities for representation of the LGBTQIA+ community.

Kohler is pleased to share the addition of gender affirming care and domestic partner coverage which was put into place on January 1.

KOHLER REYNOSA PLANT LACTATION ROOM INAUGURATION

The Kohler Reynosa, Mexico, plant created the first lactation room within all Kohler Latin America plants in 2022. This project was endorsed by the facility's top leaders and now offers nursing mothers an opportunity to breastfeed comfortably in a private and peaceful space while in the office. Open to all women, this lactation room will help offer a better work-life balance for our associates.

CONTINUING DIALOGUE ON DIVERSITY, EQUITY, AND INCLUSION

In 2022 over 1,000 women from across the globe, along with their male and nonbinary allies, came together for the premier Kohler Women’s Leadership Summit, an inclusive forum to promote the professional and personal growth of women. The event was proposed by a group of women from the BLK Catalyst BRG and later led by a team of Kohler associates from various BRGs to ensure representation and perspectives from all groups. The summit included a curated lineup of speakers in dialogue with Laura Kohler, along with seminars, results-driven tools, and networking events. The event included the following workshops, designed to empower women to achieve their full potential so they can lead boldly at work and in their communities:

- ▶ The Role of Authenticity in Creativity
- ▶ Staying Positive in Challenging Times
- ▶ Showing Up Authentically
- ▶ Ask for More: Strategic Negotiation for Professionals



This week is the Kohler Women’s Leadership Summit. So much vulnerability in these women speakers, information, inspiration. This company never ceases to amaze me in the amount of support and learning offered. I’ve always said I cannot work for a company that isn’t diverse in culture and thinking.”



Christine Budz,
International Sales Coordinator,
Participant in the Women’s Leadership Summit

WOMEN'S LEADERSHIP SUMMIT LEADERSHIP PANEL DISCUSSION:



SHOWING UP AUTHENTICALLY & HOW TO DO SO SUCCESSFULLY



Global Women's
Leadership Summit

28

speakers presented on topics to promote professional and personal growth of women

>1K

women attended the premier Kohler Women's Leadership Summit

17

countries represented at the virtual summit

TRAINING AND AWARENESS

In 2022 Kohler launched a DEI training module called Inclusive Leader Training as part of our Bold Leader Development Series program. Approximately 160 people leaders attended the training during the year, which will continue to be given to all U.S.-based people leaders through 2024. The four-hour, in-person training session includes robust action planning, meaningful discussions, opportunities for reflection, thought-provoking videos, and case study exercises designed to expose bias, educate on microaggressions, and inspire change.

SUPPORTING OUR ASSOCIATES DURING TIMES OF NEED

Listening to our associates and acting on their feedback is a critical part of our overall workplace culture strategy. Continuing to stay connected to our associates, especially when tragedy of any kind happens, is what supports an inclusive culture. After the hate-related shooting in Colorado Springs, Colorado, in 2022, Kohler’s DEI team and Kohler PROUD BRG, in partnership with our employee assistance program, conducted a listening session, inviting all associates to join the call and share how they were coping with the event. Kohler leaders offered support for associates, and participants discussed ways to respond to associate needs.

PAY EQUITY

Holding Ourselves Accountable

Kohler Co.’s global pay philosophy, principles, and consistent implementation produce fair and equitable pay for our associates. We analyze pay equity by comparing associates in the same job category, job grade, and location in major countries of operation. We use the data to identify potential adjustments to be incorporated into our annual performance and compensation review process, which ensures pay equity across different groups.

Pay Equity Around the World

We seek to ensure associates of different genders are paid the same for similar job responsibilities, and our practices are creating gender pay-equity across the globe. In 2022 we completed a pay-equity analysis in our largest locations, covering almost 90% of Kohler associates globally. Our audit confirmed that we do not have systemic pay differences across gender or across both gender and ethnicity in the United States. We know that we have work to do to ensure equity within compensation in all countries of operation and are continually expanding our pay-equity audits to new markets. We’re also focused on eliminating bias, increasing transparency in pay practices, and ensuring objectivity in rewarding compensation for our associates.

Enhancing Quality of Life at Kohler

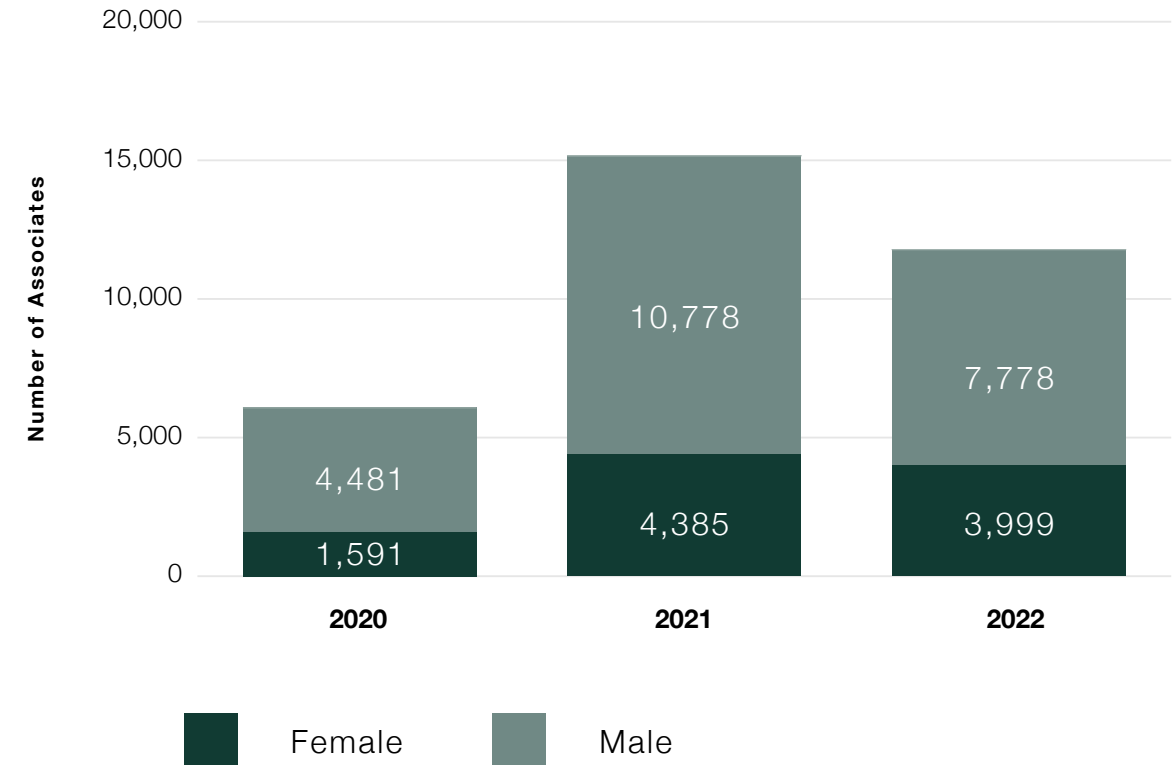
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A career at Kohler is more than a job. To support this, we look holistically at what helps our associates show up at their best to do their best. It's more than creating career opportunities where they can learn, grow, and achieve their full potential; it's also about how we help our associates feel a greater sense of belonging and help them live a better, more fulfilled life—with the richness of an experience that connects to their own values, beliefs, and purpose.

As a global employer, we look to our guiding principles and beliefs to help us create a safe and welcoming environment that fosters creative collaboration between people of different cultures, races, ethnicities, gender identities, sexual orientations, abilities, and religions. This starts with ownership and accountability at the highest levels, including the Kohler Leadership Team (KLT), all global people leaders, and the strong collaboration of our HR team in partnership with our BRGs and global associates.

In 2022 our HR team was led by Kohler's Senior Vice President—HR, Stewardship, and Sustainability who oversaw talent acquisition; leadership development; benefits; diversity, equity, and inclusion; compensation; engagement; well-being; and associate learning programs. In late 2022 a new role was established, Chief Sustainability and DEI Officer, which now oversees environmental sustainability, diversity; equity, and inclusion; stewardship; Innovation for Good®; ESG; and the Kohler WasteLAB®. The Senior Vice President—Human Resources continues to oversee talent acquisition, leadership development, benefits, compensation, engagement, well-being, and associate learning programs. We are a data-oriented company that closely tracks metrics around talent acquisition, retention, and diversity, with that data reported to our Chair & CEO and the KLT every month.

Global Talent Acquisitions



LEARNING AND DEVELOPMENT

Our belief that each associate is a leader means we're intrinsically focused on building learning and development opportunities that activate and empower our associates to boldly innovate across our organization. We're fostering an environment where our associates can learn, thrive, and achieve their life and career goals.

Self-Driven Learning

We have invested in technology to expand access to learning opportunities. In 2022 our associates engaged in over 139,000 hours of learning.

More than 11,000 of these engagement hours occurred on LinkedIn Learning, an online platform offering video courses taught by industry experts in business, creative, and technology skills, along with more in-depth learning and certifications. This platform is offered to all associates worldwide where LinkedIn is available. In 2022 more than 250,000 videos were viewed. For Kohler associates in China, we provide access to the Zhiniao learning platform in the absence of LinkedIn.

In 2022 the Kohler Capability Accelerator, in partnership with the University of Virginia, supported 83 Kohler associates in completing data analytics or marketing training. We are continuing this partnership to extend specialized training to more Kohler associates.

Associate Learning

139K

hours of learning were completed by our associates in 2022

Leadership Development

We want to develop leaders who are inclusive and able to attract and retain our associates. **We believe that a respectful, inclusive workplace is nonnegotiable, sparks creativity, and enhances a sense of mutual trust—creating the foundation of a great workplace.** Kohler's custom leadership-development program, the Bold Leader Development Series, was created in 2022 and supported as a strategic initiative from the KLT. Designed for leaders from all Kohler operations around the world, this training is modeled after "Leading Boldly," our simple, focused framework to define leadership at all levels of the organization. Starting in 2023 this leadership training will roll out to all 3,600+ Kohler people leaders across the globe. With our belief in and commitment to DEI, the **Bold Leader Development Series** training focuses on integrating DEI into all aspects, with a featured module on inclusive leadership, in addition to key content around:

- ▶ Self-leadership,
- ▶ People leadership, and
- ▶ Business leadership.



LEARNING AND DEVELOPMENT

Meaningful Career Growth

We look at career progression holistically, meaning we offer our associates the kind of personalized experiences they need to grow their career through formative career opportunities, peer learning, and formal training.

- ▶ We provide tools to help our associates learn, grow, and achieve their full potential with Kohler.
- ▶ We actively identify associates with leadership potential.
- ▶ Our signature Bold Mentoring program offers opportunities for one-on-one connection and learning.

To help our associates maximize their performance and potential, we actively support and encourage ongoing career, performance, and development conversations. Associates start the year working with their leaders identifying and aligning goals which connect directly to business strategy. As time goes on and progress is made, leaders guide, coach, and support associates as needed. Beyond the day-to-day, we're thinking long-term by identifying succession plans at all levels of the company and reviewing those against our associates' interests to drive meaningful and purposeful career development.

96%

of global administrative salaried associates completed year-end reviews as part of our Maximizing Performance and Potential process

EMPOWERING AND RECOGNIZING OUR ASSOCIATES

Kohler employs a listening strategy to track engagement, understand associate feedback, and take action to learn, improve, and grow stronger together. As part of this listening strategy, we periodically conduct surveys of our associates. In 2022 our global engagement score came in at 82 (+1 since 2021) and nearly all survey questions improved from the last time they were asked. All in, this puts associate engagement at Kohler above the average score for the top 25% of companies (per Glint benchmarks), which is a key result we remain focused on. We also hold listening sessions, as appropriate, based on events that occur around us, and we organize in-person gatherings to celebrate our associates.

In 2022 Kohler held the annual summer gathering in Wisconsin for the Quarter Century Club to celebrate our longest-tenured associates. Approximately 1,400 employees attended, each of whom has worked with Kohler for at least 25 years. Our annual associate picnic in 2022, which was attended by nearly 8,000 associates, was a weekend-long event with activities such as a zipline, kids' yoga, rides, and games.

In 2022 the Kohler Quarter Century Club welcomed 213 associates from across the globe, raising the organization's lifetime membership to 11,504 associates.

Another way we recognize our associates is through our global peer-to-peer recognition platform Bold Recognition. In 2022 we had 12,000 recognitions that highlighted the great work of associates around the world. For our offline population, we also use printed Focused Recognition Cards.

Bold Recognition

12K

global peer-to-peer recognitions in 2022

CARING FOR THE WELL-BEING OF OUR ASSOCIATES

At Kohler we prioritize the health and well-being of our associates and foster a culture that values people and puts their safety first, all while upholding a respectful workplace environment. Our goal is to be an employer of choice that supports our associates not merely in their careers but in their whole lives.

Comprehensive Benefits

Our benefits packages are designed to provide protection for the health, financial security, and income of our associates, including mental health and well-being offerings that support a healthy lifestyle. We strive to offer support for all associates and are continually making our benefits more inclusive.

Our comprehensive benefits packages for all full-time and many part-time associates in the U.S. include medical, dental, and vision insurance coverage for associates and their dependents, and are made affordable for associates through low contribution requirements. We also provide life insurance, short-term and long-term disability insurance, accident and critical illness insurance, access to an employee assistance program (EAP), and a wellness incentive program to our full-time and other benefits-eligible associates, along with tuition reimbursement for associates pursuing higher education in the U.S. and Canada.

We help provide for financial security through our 401(k) plan that includes a company match, the Kohler Pension Plan that is offered to the majority of associates in the U.S. in most business units, and retirement-planning support available at no cost to associates.



We recognize the importance of our work and family lives and provide paid parental leave in the U.S. and other countries. We also have a discount program for eligible childcare centers and offer flexible spending accounts for associates to pay for childcare expenses. Support for family planning is also available for U.S. associates.

In 2022 we increased our benefits in reproductive health care to reimburse U.S. associates for the costs of travel to obtain medical care they cannot legally seek in their state of residence. We also announced that Kohler will include gender-affirming medical care on our insurance coverage as well as coverage for associates' domestic partners. These benefits are available to full-time and many part-time associates in the U.S.

Our benefits vary across our locations around the world. We may provide a range of health benefits, EAP services, life insurance coverage, disability benefits, retirement savings, and pension benefits to associates. Additionally, at many of our locations outside the U.S., we offer on-site food service, meal allowances, and food coupons for meals prepared at home.

CARING FOR THE WELL-BEING OF OUR ASSOCIATES

Wellness and Mental Health

Kohler is committed to supporting the mental health and overall well-being of all associates while creating an environment where associates can bring their whole self to work.

- ▶ **Enhanced Global Benefits:** In 2022 Kohler enhanced the global benefits available through our EAP to provide mental health support and work/life resources to Kohler associates globally. The enhancement **expanded mental health support to 22,000 associates and their family members.**
- ▶ **#IWILLLISTEN Mental Health Walk/Run:** In 2022 the Global Benefits team and the HeadsUp BRG collaborated to expand the annual #IWILLLISTEN Mental Health Walk/Run to all associates worldwide, which **raised awareness of mental health challenges.** Kohler associates participated at in-person events in the U.S. and U.K. or as part of a virtual global walk.
- ▶ **Global Invitational Challenge:** In 2022 our wellness program, Kohler Choose Well...Live Well, offered the Global Invitational Challenge to all associates around the world. Over the course of four weeks, **Kohler associates participated in a steps challenge to encourage fitness and an active lifestyle.**

Mental Health Support

22K

associates around the world and their families benefit from Kohler's expanded benefits

Relief Fund for Kohler Associates

Kohler associates share a long history of giving generously of their time and money to support fellow associates when they face the unexpected. The Kohler Associate Relief Fund helps associates who are facing a financial hardship. The program is administered by the Emergency Assistance Foundation. It is funded primarily by Kohler Co. with support from associates. Associates who wish to contribute can make a voluntary ongoing gift or a one-time gift. Associates facing personal hardship or the effects of a disaster can apply for a grant from the fund. Since launching in 2020, the fund has awarded 15 associates a total of \$24,644.

Kohler Associate Relief Fund

\$24.6K

awarded to 15 associates since 2020

CARING FOR THE WELL-BEING OF OUR ASSOCIATES

Workplace Safety

Workplace safety is a key value for Kohler, with a focus on protecting associates from harm. We have been a charter member of the U.S. National Safety Council since 1914, and maintain robust health and safety standards through our Kohler Safety Management System (KSMS), which covers 100% of our associates, activities, and workplaces across all our businesses. The KSMS ensures that we follow all applicable government regulations in the U.S. as governed by the Occupational Safety and Health Administration (OSHA) and adhere to all applicable local laws and regulations regarding workplace health and safety in the countries where we operate. Examples of other strategic safety initiatives include the development of effective safety leadership, proactive associate participation in the safety process, enabling safe behavior through comprehensive associate training, reduced workplace safety risk through periodic site inspections, and incident-reporting analysis to prevent reoccurrence.

Charter member of the U.S. National Safety Council since

1914

Kohler’s environmental, health, and safety (EHS) processes are overseen by our Senior Global Director of EHS & Security, who implements our global EHS strategy to establish safe, healthy, and collaborative workplaces that comply with regulatory standards and requirements. Site performance and compliance with our health and safety standards and policies are monitored through regular assessments and internal audits of EHS compliance.

The KSMS is based on current industry best practices for a fully integrated health and safety management system and was established to ensure sustained continuous improvement in safety performance, both by reducing risk of injury and ensuring regulatory compliance. We engage key stakeholders in conducting a comprehensive periodic review to continually improve the KSMS.

The KSMS also acts as a mechanism to obtain enterprise-wide feedback on our health and safety performance through assessments that are validated by our associates. The resulting feedback is used to inform evaluations and improvements, and best practices are leveraged across the company.



CARING FOR THE WELL-BEING OF OUR ASSOCIATES

Identifying Risks and Hazards

To identify hazards and assess risks to our associates, we follow an auditing process and risk assessment analysis. Internal audits and third-party certification, where appropriate, ensure the high quality of our methods of hazard identification, evaluation, and control.

At each Kohler facility, whether it be a manufacturing or a hospitality site, Kohler’s enterprise EHS function is responsible for reviewing potential risks, taking into account:

- ▶ occupational hygiene,
- ▶ work-related hazards, and
- ▶ illness-related risk.

These vary by location and are closely monitored, with processes in place to safely navigate each hazard.

To continually improve our EHS performance, we set annual performance metrics each year. Our annual injury prevention plans require associates to participate in safety by identifying hazards and hazardous situations. The plans also require corrective action to mitigate hazards that are identified. To prevent a safety incident from recurring, our incident management process includes:

- ▶ prompt notification,
- ▶ quality root-cause analysis (RCA), and
- ▶ timebound sharing of learnings.

Each Kohler site has a qualified RCA facilitator who is supported by a regional RCA expert on enterprise staff. Enterprise EHS reviews each RCA and its corrective and preventative action plan.

Communication and Training

We issue monthly and annual reports to ensure stakeholders’ understanding of Kohler’s EHS strategy, expectations, annual targets, and overall performance.

During the onboarding process for Kohler associates and contracted employees, they receive occupational health and safety training. Additional training is provided according to site-specific risks and in keeping with regulatory compliance. Refresher training may be more frequent in response to recent RCA findings and changes in applicable regulations.



CARING FOR THE WELL-BEING OF OUR ASSOCIATES

Associate Participation

All Kohler sites maintain a safety committee that includes management and associate representatives, and all associates are represented by their on-site safety committee. Where appropriate, site safety committees allow for cross-functional and union representation.

If an associate believes a condition is unsafe, they are expected to report the potential hazard and have several options for doing so. In addition to an open-door policy, a written reporting process is also in place. All Kohler associates and contracted employees can raise concerns and provide other input through:

- ▶ daily safety meeting input,
- ▶ their supervisor,
- ▶ their site manager or another manager,
- ▶ the EHS office,
- ▶ HR, and
- ▶ anonymous hotline.

Associates are informed on a yearly basis about the expectation to report hazardous situations as well as our methods for protecting them from reprisal. As a matter of policy, associates have the right to refuse and remove themselves from work situations they believe to be unsafe.



Activating All Associates for Impact

1 2 **3**

Innovation for Good® (IfG) is Kohler's in-house start-up incubator for developing business opportunities to address pressing environmental and social issues. Our associates participate in IfG to demonstrate their passion for innovation and social impact.

Through IfG, Kohler has provided funding for new products and services related to using materials recycled from our manufacturing processes, such as the KOHLER WasteLAB®, discussed in the Better Planet chapter. Output of IfG has also resulted in the development of new products focused on providing safe water and safe sanitation, like the KOHLER Relief Shower Trailer and KOHLER® Rinse pail-flush toilet. Through IfG, Kohler is continuing its focus on WaSH and is developing solutions including off-grid sanitation to address open defecation in dense urban environments and universally adaptable hands-free handwashing in regions dealing with water scarcity, and more.



I-PRIZE CHALLENGE

The IfG incubator launched the annual I-Prize Challenge in 2018. In support of IfG, Kohler holds a competition each year inviting associates to bring their bold thinking and to propose innovative new products and solutions addressing key social or environmental challenges. These have included innovative solutions for safe water and sanitation, which were discussed in the [Better Communities](#) chapter. Winning ideas receive incubation funding and, upon further concept development, may be mainstreamed into Kohler's business. Each year the I-Prize generates energy and excitement among our associates around the world.

In 2022 the I-Prize took on the theme of Reduce, Reuse, Recycle to address the materials, water, and energy needed to source, produce, operate, and dispose of existing and future products. In total, **118 associates worked in teams to generate 27 ideas**. Across the globe, 27 teams competed for I-Prize, spending 3,600 hours on incubation. We hosted three fast-paced global innovation workshops to encourage associate ideation and break down the barriers to encourage all associates to see how innovation fits into their roles at Kohler. Of this year's global I-Prize participants, 25% were women, a truly diverse group of innovators.



I-PRIZE CHALLENGE

The 2022 judging process identified 12 finalist teams, six of which advanced directly into the business to join new or existing new product development projects. These innovative ideas addressed topics such as reducing packaging waste, lowering GHG emissions on shipping, and a water-saving showerhead. Three other ideas were declared I-Prize winners and received Innovation for Good® incubation funds totaling \$100,000. These projects included developing packaging solutions using more environmentally friendly material and exploring a product circularity and end-of-life program.

Since the inception of the I-Prize in 2018, 491 Kohler associates and 108 global teams have participated in the competition. There have been **17 innovation ideas winning incubator funds totaling \$1.03 million since 2018**, with four innovations mainstreamed into the business since the program's inception.

Global 2022 I-Prize

27 ideas generated

3 teams awarded incubation funding

\$100K provided by Kohler to support Incubation

1 global challenge

At Kohler innovation goes beyond engaging our associates to generate ideas; we are committed to seeing these ideas through to commercialization. Associates who win the I-Prize Challenge are awarded incubation funding and are paired with an executive business coach and the Innovation for Good team over 6–12 months to help develop the ideas and drive them into the business. This ensures that as ideas develop,

they are aligned to key business needs, existing strategies, and market opportunities. In addition, each I-Prize team who receives funding presents to a series of executives from all businesses at the end of the year following incubation to share their progress, their learnings, and ultimately make a recommendation to those leaders for the best next step for their concept. Associates who win the I-Prize Challenge are empowered as key leaders within our organization driving innovation and ultimately business adoption of their concepts.

“As someone who strives for change for the better, becoming a part Kohler I-Prize propelled my career forward. The support, resources, experience, and networking opportunities were endless. I cannot wait to continue Believing in Better for 2023!”



Shayla Hertzke,
Engineer – B-Line

“I was delighted when the moonshot of an idea from our team carried favor with the Kohler I-Prize this year, enabling us to pursue our vision and take a chance at something way outside of Kohler’s core business as usual.”



Trudie Wang,
VP - Innovation, Heila

IGNITING INNOVATION IN PARTNERSHIP WITH MARQUETTE UNIVERSITY

In 2022 Kohler also brought our culture of innovation to an external audience by hosting the inaugural M-Prize Challenge in partnership with Marquette University. Kohler challenged Marquette undergraduate students to develop and pitch their own unique ideas for how to design more inclusive kitchen and bathroom products. Efforts kicked off with an innovation session at Kohler’s headquarters to learn more about why designing for inclusivity is important. Students then received coaching and worked in teams to gain a firsthand understanding of physical challenges the aging population faces plus how to brainstorm and pitch innovative solutions. With support from Kohler’s K&B Advanced Development team, as well as experts in marketing, finance, innovation coaching, corporate engagement, and Marquette’s Office of University Relations, each team competed to win the coveted M-Prize.



100 BEST WORKPLACES FOR INNOVATORS

Kohler was recognized by *Fast Company* as one of the 100 Best Workplaces for Innovators, landing at #10 on the 2022 list, as well as winner of the Sustainability category and a finalist in the Large Companies category. We were also recognized in *Fast Company*’s 2022 Innovation by Design awards program, ranking in multiple categories. We received an honorable mention in the Design Company of the Year category. The Abstra™ Collection tile was named the winner of the Materials category and an honorable mention in the Circular Design, General Excellence, and Sustainability categories. Our collaboration with artist Daniel Arsham on the innovative Rock.01 3D-printed sink was named a finalist in the Home category. The Verdera® Display mirrored cabinet, available in China, was an honorable mention in the Home and Wellness category.



“I hope to create seismic shifts in the products and experiences I help to create in the world.”

Amber Hall,
Marketing Manager and member of Kohler BLK Catalyst, our Black community and allies business resource group



Transparency

Transparency is fundamental to our Believing in Better® strategy. Acceptance of our corporate responsibility and accountability for our actions are drivers for continual improvement in our business and relationships. We are accountable to our associates, to the communities where we operate, and to the customers who engage with our products—and we manage our business in a way that builds trust with all of those whose lives we touch.

Transparency manifests through our ethical behavior, our reporting on public policy engagements, our publicly announced environmental and social goals, and our increased ESG reporting. A focus on strong corporate governance enables our company to position ESG at the center of our business strategy. In 2022 we advanced our efforts to leave the world a better place by continuing to embed environmental, social, and corporate governance concerns into all aspects of all our business.



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TRANSPARENCY

Oversight

COMMITMENT TO ETHICAL CONDUCT

Ethics is central to our business decisions at Kohler. Our leaders, associates, and suppliers are equipped with policies and guidance that empower them to boldly do the right thing each day by acting with integrity, asking for help in making the right decisions, and reporting ethical concerns.

Our Code of Ethical Conduct (Code) outlines our commitment to following the highest standards of ethics and integrity while complying with all laws and regulations in the countries where we operate. The Code applies to Kohler Co., subsidiaries, associates, those who work for or represent Kohler Co., and members of the Board of Directors when acting in their capacity for Kohler Co. In 2022 we issued a new version of the Code to better communicate our expectations of all associates. The updated Code is available in 16 languages covering 99.5% of our associates.

The Code also calls on all associates to uphold Kohler's long-standing commitment to incorporating environmental stewardship in all our activities and supporting the communities in which we live and do business.



Kohler's Global Core Policies further detail our shared commitment to compliance with relevant laws, including laws prohibiting bribery and corruption, antitrust violations, and conflicts of interest. The Global Core Policies are regularly shared with associates through annual ethics training, other basic and advanced training courses, and communication campaigns. Compliance with the Code and Global Core Policies is overseen by our Vice President of Compliance and Ethics, who reports to the General Counsel and regularly provides updates to the Kohler Leadership Team and the Audit Committee of the Board of Directors.

ETHICS TRAINING AND REPORTING CONCERNS

All new associates at Kohler receive mandatory ethics training as part of the onboarding process, and all associates and the Board of Directors participate in annual ethics training. Through this training and our Code, associates are made aware of their responsibility to seek advice about potential compliance issues and to report concerns of potential or actual violations of the Code, policies, or compliance procedures.

Kohler offers many channels to raise and report concerns, including a confidential 24/7 Ethics Helpline which includes local phone numbers and language support. The helpline and a user-friendly Web portal are administered by an independent third party, and associates have the option of making reports anonymously. We strive to maintain an environment in which associates may raise concerns without fear of retaliation, and our Code states our zero-tolerance policy regarding direct or indirect retaliation against an associate who has reported a concern or has participated in a review of a concern.

In a global survey of administrative exempt and nonexempt associates* conducted by a third party in 2022, the average score on associate perception of Kohler’s overall ethical culture was 83, up from a score of 80 in 2020. This score was in line with a Glint benchmark score of 81, putting Kohler in the top 25% of companies (per Glint benchmarks).

*The survey was issued to the same population of administrative exempt and nonexempt associates as in 2020 and excluded Curtis and Heila associates that joined the company through a 2021 acquisition.

Average score in 2022 on global survey of associate perception of Kohler’s overall ethical culture



OVERSIGHT OF ESG

Our ESG governance structure ensures that environmental and social impacts are top of mind as we develop and update our strategies, policies, and goals.

Our Chair and CEO is responsible for our sustainability strategy, described in the introduction to this report. He reviews quarterly business-level sustainability data to monitor progress against our goals and holds biannual progress reviews with the enterprise environmental sustainability team and business unit leadership.

Our Chief Sustainability and DEI Officer is the executive sponsor for all climate- and associate-related initiatives and communication to our stakeholders and oversees our internal Environmental Sustainability team, Stewardship team, Innovation for Good® team, WasteLAB team, and Diversity team.

As a means of embedding sustainability further into our company, in 2023 our Senior Vice President – Human Resources, Stewardship, and Sustainability assumed the role of Chief Sustainability and DEI Officer. This role functions as a key component of both the KLT and the Board, ensuring that environmental and social topics are regularly integrated into planning at the highest levels of the company. Environmental and social topics are communicated to the KLT every quarter from the environmental sustainability team, linking these issues to our business strategies and priorities. The Board also reviews major capital expenditures, acquisitions, and divestitures, including their impact on climate-related issues.

A key part of our commitment to ESG is our team of global Sustainability Champions who promote awareness of sustainability issues throughout the company. In 2021 the number of Sustainability Champions more than doubled from 240 to 546. In 2022 we saw further growth in the number of Champions to 846. Our Sustainability Champions, as well as the KLT, are informed of initiatives and progress through a quarterly newsletter sent by the Environmental Sustainability team. In addition, global Sustainability Champions meetings are hosted quarterly to update the Sustainability Champions' network on environmental sustainability projects and progress, provide updated tools and resources to execute environmental sustainability in their functions, and to inspire and activate associates with ways to get involved in environmental sustainability in their everyday roles.

Find more information on our associates' ESG efforts in the [Better Planet](#) chapter of this report.

846

global Sustainability Champions
in 2022, up 300 from 2021

RESPONSIBLE SUPPLY CHAIN

Kohler strives to develop relationships with high-quality suppliers who commit to our expectations of practicing the highest legal and ethical standards. We will only work with suppliers who adhere to our guidelines and applicable international laws on:

- ▶ **ethics, business integrity, and anti-corruption,**
- ▶ **health and safety,**
- ▶ **environmental management, and**
- ▶ **labor and human rights.**

Our suppliers are required to adhere to the Kohler Supplier Code of Conduct, which communicates our expectations that suppliers will maintain our high ethical standards, comply with the UN Guiding Principles, and adhere to the laws of the countries in which we produce, buy, and sell our products. The Supplier Code emphasizes fair employment and protecting workers' human rights. Suppliers must be able to demonstrate compliance with the Supplier Code of Conduct at our request.

Kohler will only work with suppliers who adhere to our guidelines and applicable international laws on labor and human rights. In addition, suppliers must comply with applicable laws and regulations regarding conflict minerals to ensure any procured minerals do not perpetuate human rights abuses, directly or indirectly. Suppliers are required to exercise due diligence on the source and custody of these minerals that are procured directly and that are found further upstream in their supply chain.

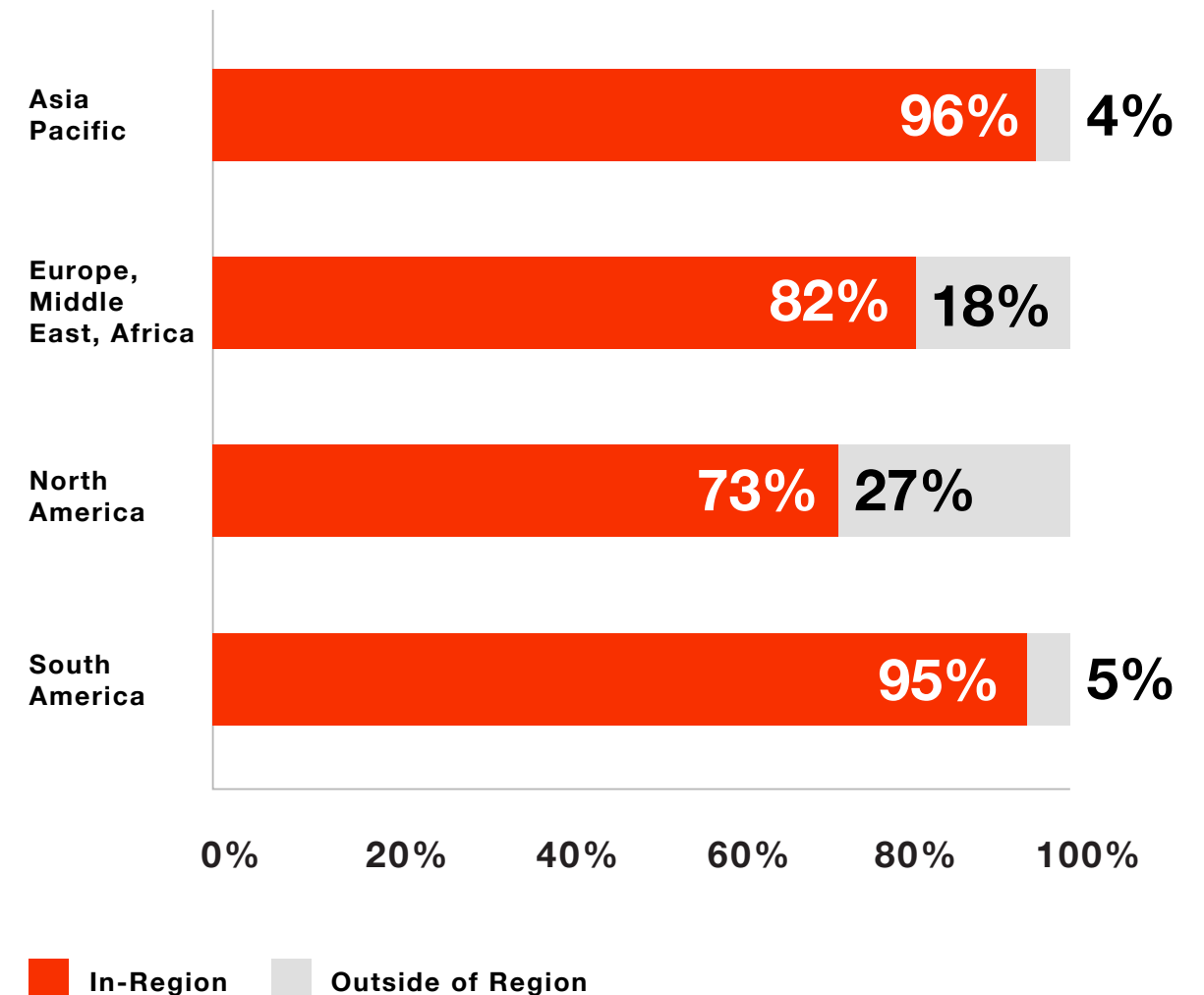
All potential suppliers registering in Kohler's supplier system are screened for human rights supply chain risks. If deemed appropriate, further investigation of risk is taken through an onsite audit conducted by a third party.

Kohler established the Responsible Sourcing program in 2021 to:

- ▶ ensure the company sources from responsible suppliers, and
- ▶ reduce the risk of human rights and forced labor issues within our supply chain.

We regularly gather data and track metrics on the local supplier spending, defined as spend within the same region, and prioritize purchasing from suppliers in the region where we are manufacturing our products. This is a further commitment to Kohler's belief in supporting the local communities where associates live and work.

Percent of In-Region Direct Procurement Spend in 2022



RESPONSIBLE SUPPLY CHAIN

To further ensure our supply chain is a responsible one, we evaluate current suppliers utilizing an assessment covering issues related to fair labor, environmental compliance, and awareness of environmental impacts such as energy and emissions use. Our approach to supplier engagement is one of continuous improvement, working with suppliers to identify, remediate, and prevent issues, thereby providing the best outcome for workers, suppliers, and our business. Collaborative partnerships are our goal; however, we reserve the right to terminate business at any time for noncompliance.

SUPPLIER DIVERSITY

Kohler is committed to ensuring that our U.S.-based suppliers reflect the diversity of our consumers and the communities where our associates live and work. In 2022 we determined our baseline for annual diverse supplier spend in the U.S. This baseline provides the information needed to increase our spend with businesses owned by:

- ▶ **racial/ethnic minorities,**
- ▶ **women,**
- ▶ **LGBTQIA+ individuals,**
- ▶ **veterans, and**
- ▶ **disabled individuals.**

Supplier diversity is one of several pillars of Kohler’s DEI efforts, and we continue to develop this program based on the progress made in 2022.

Find more information on other DEI efforts in the [Better Lives](#) chapter of this report.

HUMAN RIGHTS

We are committed to respecting human rights in our operations around the world and prohibit the use of involuntary and child labor as well as all forms of human trafficking, slavery, physical abuse, and corporal punishment. We perform human resources audits at our sites at least every four years to ensure that proper policies and procedures are in place for compliance with local laws and regulations and with our Code of Ethical Conduct, Global Core Policies, and procedures. Our Code of Ethical Conduct details our commitment to fair employment practices and the role of all associates in ensuring freedom of movement and other principles, freedoms, and rights.

At Kohler, where water is central to our products and operations, we firmly believe that clean and safe water is a human right. In 2022 we completed a water assessment in our manufacturing sites to identify community impacts so that we can ensure responsible water management. We also continued to support the Water is Life microgrant program with human rights nonprofit DigDeep, which protects water on the Navajo Nation. There is more information about our work supporting access to clean and safe water in the [Better Communities](#) chapter.

PUBLIC POLICY ENGAGEMENT

We believe in engaging with community leaders and government officials on issues of importance to our stakeholders to support positive economic and social outcomes for our associates, our communities, and our planet. We prioritize engagement through advocacy and public-private partnerships, offering our industry expertise to government agencies and elected officials rather than making political contributions. As a general rule, Kohler’s entities globally do not make political contributions.

The public policy issues we prioritize are informed and actioned in accordance with our Kohler Beliefs Statement.

We prioritize these key environmental and social issues to affect positive change through engagement with local and federal policymakers.

- ▶ workforce development and comprehensive immigration reform to help expand the labor market,
- ▶ affordable housing,
- ▶ diversity, equity, and inclusion,
- ▶ upgrading and enhancing infrastructure,
- ▶ water conservation,
- ▶ affordable health care, and
- ▶ climate change.

Industry organizations in which we participate



Herbert V. Kohler, Jr. – A Celebration of Life



September 3, 2022, saw the passing of respected Executive Chairman Herbert V. Kohler, Jr. at age 83 after a 61-year career with Kohler Co. Herb was a dynamic leader, independent-minded entrepreneur, and courageous innovator. He, more than anyone, lived the company mission and steadfastly supported the company’s Believing in Better® culture and initiatives.

Herb believed gracious living means more than creating distinctive products and providing first-class service. It also means that we work in harmony with our natural environment, mindful in everything we do to safeguard that environment for future generations.

Among his many interests and passions were:

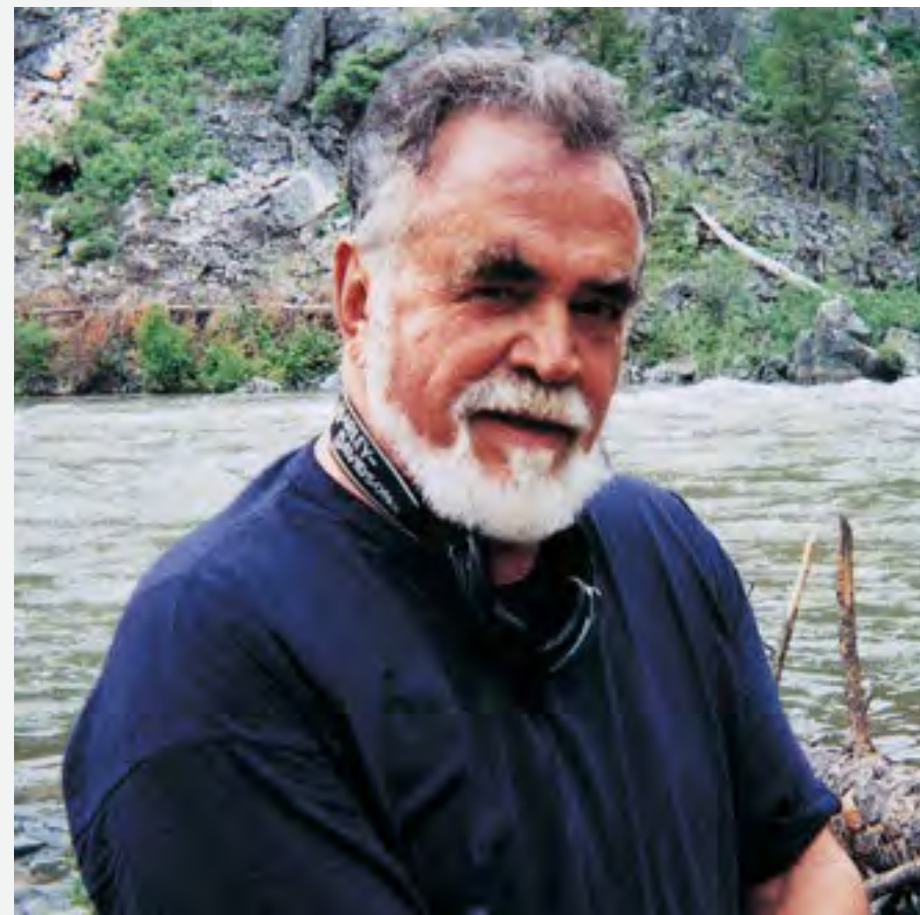
- ▶ Arts/Industry, which he developed with his sister Ruth and the John Michael Kohler Arts Center, which will celebrate it’s 50th anniversary in 2024
- ▶ The Kohler Trust for the Arts and Education, Kohler Trust for Preservation, and Kohler Trust for Clean Water
- ▶ The Kohler Center for Marsh Education
- ▶ The Kohler Environmental Center at Choate Rosemary Hall in Wallingford, Connecticut
- ▶ The Kohler Center for Entrepreneurship at Marquette University

For more on the life and contributions of Herb Kohler, visit celebrateherbkohler.com.

The power of nature and the lure of the outdoors was often at the center of Herb’s hobbies and business interests. Not only did he appreciate the wonders of nature, but he also felt strongly they could frame opportunities to learn and develop at any age. Herb developed Kohler Co.’s 12 Environmental Principles, allowing the company to meld environmental stewardship with industrial manufacturing and also focus on preservation of historic sites around the country. Outward Bound was especially meaningful to him and his family. A life of service, commitment to the organization, and profound impact earned Herb and Laura Kohler the Kurt Hahn Award in 2020, Outward Bound’s highest honor named after its founder.

“Gracious living means more to us than creating distinctive products and providing first-class service. It also means that we work in harmony with our natural environment; mindful in everything we do to safeguard that environment for future generations.”

Herbert Kohler, 2015



Appendix

Data Tables

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