

TECE 
close to you

**SUSTAINABILITY
REPORT
2021**



FOREWORD



Dear Ladies and Gentlemen,
Dear Readers,

Looking back on the past year, managing the pandemic demanded a great deal of attention and strength from all of us. But it has also made it clear which long-term challenges we need to focus on.

In view of limited resources and the increasingly obvious consequences of climate change, everyone is called upon to contribute to a sustainable future. With the European Green Deal and the German government's Climate Protection Programme 2030, a regulatory framework has been adopted that points us towards a climate-neutral and resource-efficient future.

As a globally active specialist in the sanitary sector, we have a deep understanding of the precious resource of water, but also of hygiene and safe living space. For us as a medium-sized family business, people have always been the focus of our actions: we listen and work out solutions together. We want to remain true to this approach when it comes to sustainability.

On this basis, we have analysed strengths and weaknesses in recent months, in-house and with external partners, and identified focal points for new thinking and action. In the meantime, a comprehensive sustainability strategy has been developed that defines tangible goals within the framework of four overarching fields of action.

This Sustainability Report is a concrete result of our work. It is a first stocktaking and a signpost for further actions. Next year, we would like to show what progress we have made and where goals or measures need to be adjusted.

There is a lot to do, but you know that at TECE we like to throw ourselves into challenges. And we know that we can rely on our employees, partners, service providers and customers. Together, we have been developing new solutions for more than 30 years. That is why we invite you to accompany us on this journey.

Feel free to let us know what we can do better in terms of sustainability. And let's initiate joint projects to shape a more sustainable future together.

We hope you enjoy the read!

André Welle
Hans-Joachim Sahlmann
Dr. Michael Freitag

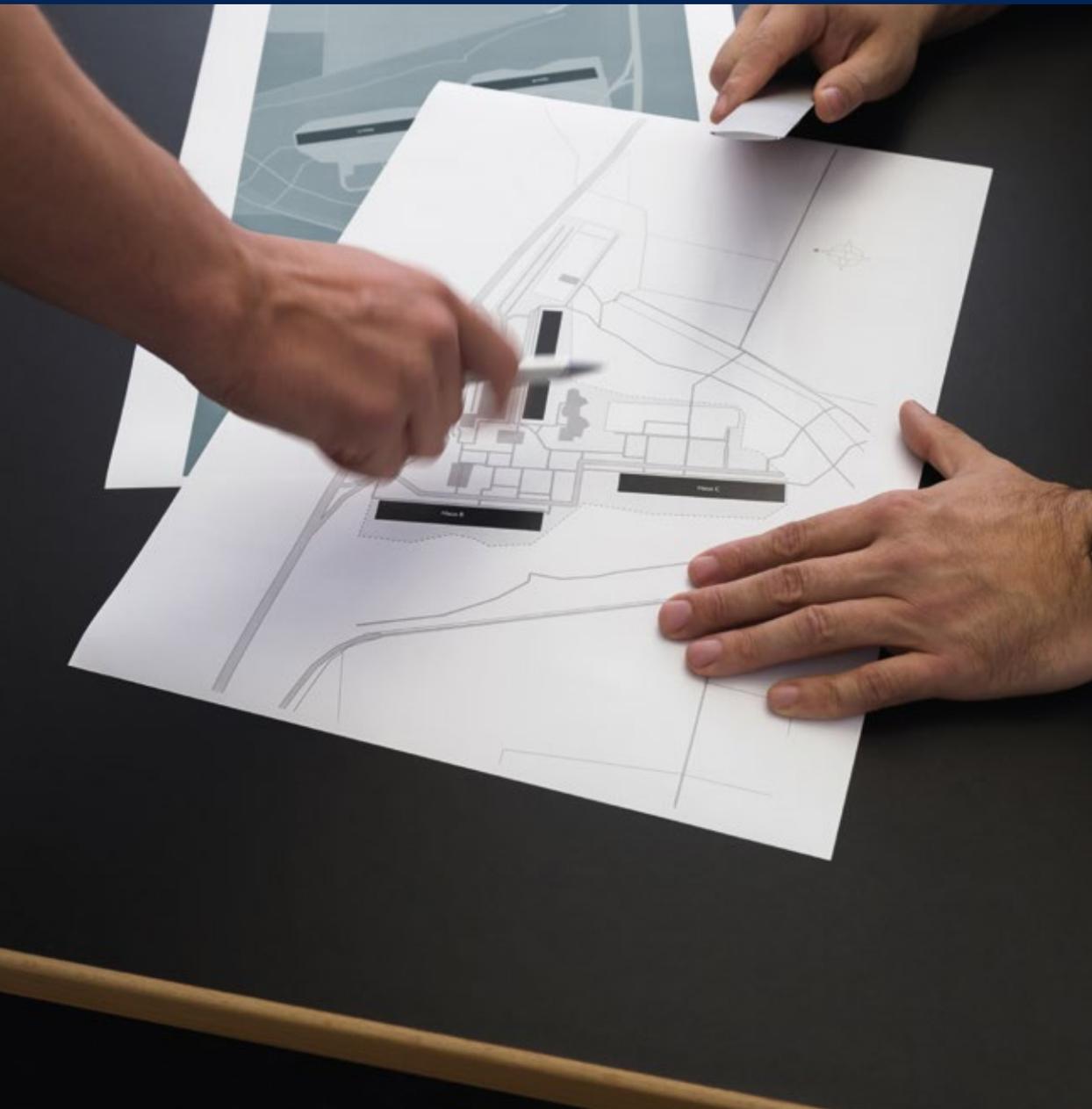
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The data in this report refers to the year 2020.

COMPANY AND STRATEGY

We are successful as a manufacturer of sanitary products and installation systems because we think forward and innovatively. In order to fulfil our responsibility towards customers, employees, society and the environment, we as the TECE Group want to make a measurable contribution to sustainable development.



As a family business, partnership is an important success factor for TECE. That is why we remain in intensive dialogue – in line with the motto “Close to you”. Thus, we not only supply good products that meet the needs of our customers and partners, but also take responsibility for a future worth living.

TECE in Profile

Thomas Fehlings founded the TECE Group in 1987 with his father Gerd Fehlings in Emsdetten, where the headquarters is still located today. Since then, TECE has developed into an internationally operating company for sanitary and installation technology – with 22 subsidiaries, over 40 sales partners and around 275 million euros in sales.

As a system supplier, we accompany customers throughout the entire process chain. Our solutions are used in prestigious hotel projects, in housing industry properties, public and semi-public buildings as well as in private living spaces.

We produce at five locations in Germany, Poland and China. We manufacture the majority of the parts required for the end products ourselves in order to be able to monitor the quality standards in the best possible way. For our flushing technology and drainage products, our Chinese plant manufactures the plastic components; the raw materials are supplied by local dealers. Some of the plastic components are also produced in Poland and Germany. The final assembly of modules and installation walls is also carried out in Poland, with the steel components largely coming from Germany and Belgium. In the pipe systems product division, we source the end products mainly from the European region and produce in Poland and Germany; here, too, the raw materials come mainly from local dealers and manufacturers. In the shower

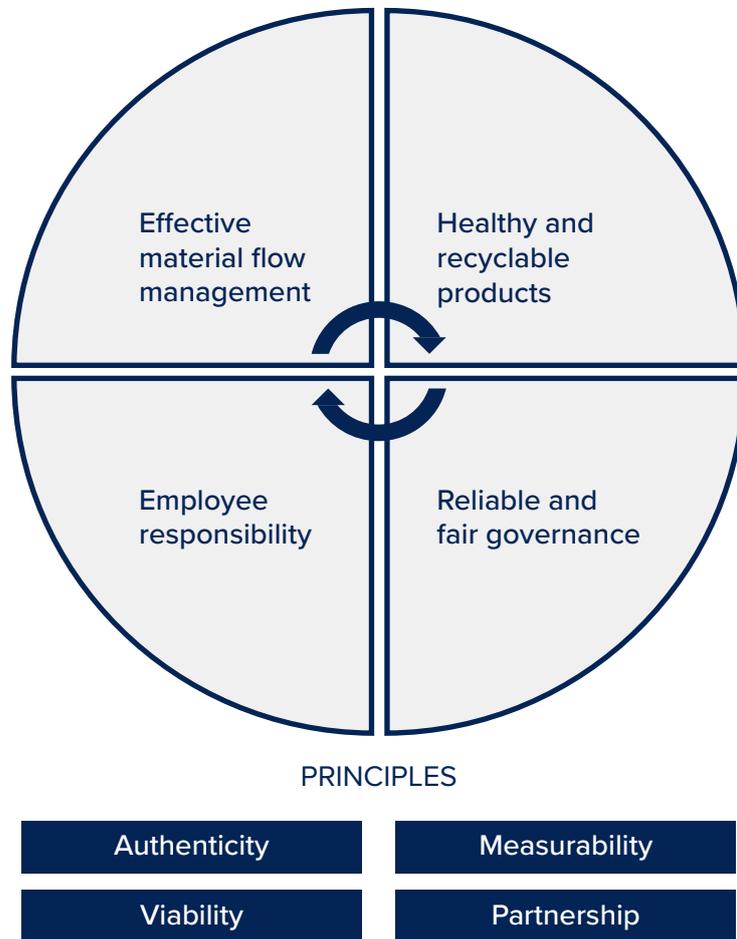
drainage product division, we manufacture the end products ourselves in Germany and China; the production plants obtain their raw materials (stainless steel sheets and plastic) from local dealers and manufacturers.

Understanding of Sustainability

For TECE, sustainability means fair and future-oriented business practices. For us, this naturally includes ensuring that corporate success does not come at the expense of the environment or our society. Our sustainability strategy therefore follows four fundamental principles (see p. 4): In order to be able to make a measurably sustainable contribution, we want to rethink the use of resources, develop sustainable processes and create products with a positive footprint. As a result, this should enable our customers to achieve their sustainability goals. Against the backdrop of our business model and our scope for influence, we have therefore defined four overarching fields of action:

- **Effective material flow management:** To improve the overall environmental impact, processes, material and energy flows along the entire value chain should be made more efficient and effective.
- **Healthy and recyclable products:** Our products should neither harm people nor the environment, achieve a long service life, be easy to repair and recyclable.
- **Employee responsibility:** We rely heavily on the knowledge and skills of our employees to achieve our goals. That's why we want to offer them great scope for development and growth and always be a fair and attractive employer.
- **Reliable and fair governance:** Acting lawfully and fairly is always a priority at TECE. As a trustworthy partner to our stakeholders, we ensure that external as well as internal requirements are met.

Fields of action and underlying principles of the TECE sustainability strategy



Materiality Analysis

In order to find out which sustainability topics are particularly important for TECE, a materiality analysis was started at the end of 2020 with the support of an external sustainability consultancy. The results form the basis for our sustainable commitment in the coming years.

The first step was to research which sustainability topics are important for TECE, taking into account the industry, business model, market environment, global challenges and general conditions. This resulted in a list of relevant topics from the areas of economy, environment such as employees and society.

These were then discussed, evaluated and prioritised in interviews with the management, various specialist departments and important stakeholders such as architects, project developers, installers, auditing institutes and banks.

In an internal workshop, the various expectations and perspectives were then discussed together with the management – and the topics were reassessed in terms of their impact on society and environment. Finally, the results were summarized in a materiality matrix according to the three assessment dimensions “relevance for stakeholders”, “impact on society and environment” and “relevance for TECE” and defined as report topics.

Results of the materiality analysis 2021



Environment

- 01 Ecological Aspects in the Supply Chain
- 02 Environmental and Climate Protection in Production
- 03 Material and Resource Efficiency in Production
- 04 Environmentally Friendly Logistics
- 05 Lifespan of Products
- 06 Water Efficiency of Products
- 07 Energy Efficiency of Products
- 08 Recycling Economy

Social

- 09 Social Aspects in the Supply Chain
- 10 Occupational Safety and Health Protection
- 11 Attractive Workplace
- 12 Employee Support and Development
- 13 Diversity and Equal Opportunities
- 14 Social Commitment

Governance

- 15 Product Safety
- 16 Customer and Stakeholder Relations
- 17 Governance and Compliance
- 18 Data Protection, Information and IT Security

Focus Topics and Goals

On the basis of the materiality analysis, nine strategic focus topics were defined at the beginning of 2021, which TECE would like to build up and strengthen in a targeted manner as part of the sustainability strategy. Our specialist departments have drawn up detailed roadmaps with a view to our current status, expected developments and opportunities for exerting influence. These set out concrete measures and measurable targets for each focus topic for the next few years.

To effectively improve our sustainability performance, all roadmaps follow a logic: first create the appropriate prerequisites and data basis for an analysis of potential, and then work on targeted, global implementation. The management reviews the progress in all areas regularly.

We have set the following overarching goals for the nine focus topics:

Focus Topics



Circular economy

We are continuously building up usable knowledge for our material cycle management, evaluating and using methods such as cradle-to-cradle and linking material flow knowledge about our materials with the product scenario (see page 27).



Product longevity

We establish the period of use as a fixed component in the new product process, make binding statements on availability of spare parts and set up functional processes to guarantee this (see page 28).



Consumer health and safety

We are integrating the aspects of hygiene and easy care into all product strategies and establishing a new field of competence on potable water hygiene (see page 24).



Product water efficiency

We are developing a 4/2-litre flush in cisterns including supporting toilet ceramics and are specifically researching ways to further reduce flush water volumes (see page 27).



Governance and compliance

We proactively ensure compliance with laws and internal codes of conduct and establish appropriate complaint mechanisms (see pages 19-20).



Responsible and attractive employer

We invest in the further development of our employees and ensure a safe and healthy working environment with a certified occupational health management system (see pages 9-10, 14).



Eco- & climate-friendly production

We make our carbon footprint transparent, analyse all relevant environmental aspects at the production sites and identify optimisation potential (see pages 31-32).



Eco-friendly logistics

We analyse and develop environmentally efficient intermodal solutions in logistics, focus on efficient, needs-based procurement and push the use of alternative drive energies (see page 32).



Social & environmental standards in the supply chain

We clearly define the ecological and social requirements for our suppliers and establish a continuous risk analysis of social and ecological aspects for our own supply chain (see page 29).

PEOPLE AND CULTURE

As an independent family business, we combine the advantages of a growing medium-sized company with the diversity of a globally active enterprise. Approximately 1,700 employees form the basis for our success. With their innovative strength, they keep TECE on course for growth.



We live our values of humanity, reliability and closeness within the team and in our daily dealings with customers, partners and suppliers. In doing so, personal and open interaction with each other forms the mutual trust that is important to us. We pursue goals together – with a lot of room for development and growth for each individual. Our daily cooperation is characterized by short reporting lines, cooperation at eye level and a healthy feedback culture.

Our Employees

Employment Relationships

A total of 545 people were employed at the TECE Group's German sites in the 2020 reporting year. At over 95 percent, most employees had a permanent employment contract, and over 88 percent worked full-time. In addition, there were 20 apprentices and 5 dual students last year.

Staff Turnover

We create an environment in which our employees can contribute in a motivated and responsible manner. We measure their satisfaction on the basis of staff turnover. This increased from 8.3 per cent in 2019 to 12.7 per cent in 2020 due to the closure of a production area. Employee turnover is currently not reported by peer groups, but this is planned for the next sustainability report. No trainees, temporary staff or working students were taken into account in the calculation for entrants and departures.

Employees at our German Sites¹

	2019	2020
Number of employees (total)²	565	545
Temporary employees	54	26
thereof female	22	13
thereof male	32	13
Permanent employees	511	519
thereof female	142	145
thereof male	369	374

1 TECE GmbH, TCK GmbH, WET GmbH & Co. KG and MAGUS GmbH

2 excluding apprentices and employees on parental leave

Full- and Part-Time Employees and Trainees at our German Sites¹

	2019	2020
Number of employees (total)²	586	570
Full-time employees	506	482
thereof female	117	111
thereof male	389	371
Part-time employees	59	63
thereof female	47	47
thereof male	12	16
Trainees ²	21	25
thereof female	8	8
thereof male	13	17

1 TECE GmbH, TCK GmbH, WET GmbH & Co. KG and MAGUS GmbH

2 including dual students, excluding employees on parental leave

“TECE offers open-minded and committed young people a wide range of training opportunities.”

Employee Turnover¹

	2019			2020		
	Female	Male	Total	Female	Male	Total
Entrants (absolute)	15	56	71	7	20	27
Proportion of entrants to total workforce	2.7%	9.9%	12.6%	1.3%	3.7%	5.0%
Departures (absolute)	13	34	47	18	51	69
Turnover	2.3%	6.0%	8.3%	3.3%	9.4%	12.7%

¹ The difference in the total figure for all employees compared to the absolute turnover is due to departures as of 31st December which are taken into account here.

Parental Leave

All employees in the TECE Group are entitled to parental leave, including temporary staff and working students. At the German locations, 27 employees (13 female, 14 male) took parental leave during the reporting period. Of the 27 employees who took parental leave in 2019, 16 employees (5 female, 11 male) returned to the company from parental leave in 2020.

Education and Training

Training the Next Generation

As part of the “Responsible and attractive employer” strategic focus topic, TECE has taken up the goal of investing in training its employees. This is particularly important for the future in order to be able to counter the shortage of skilled workers. We already rely on young talents, some of whom we train internally.

TECE offers open-minded and committed young people a wide range of training opportunities, for example as process mechanics for plastics and rubber technology, warehouse logistics specialists, electronics technicians or industrial management assistants. Our Emsdetten site also cooperates with several local educational institutions such as secondary schools, vocational colleges and universities of applied sciences. Here, our trainees present their respective appren-

ticeships, which pupils can get to know in more detail through internships. In total, the German sites employ 20 apprentices and 5 dual students.

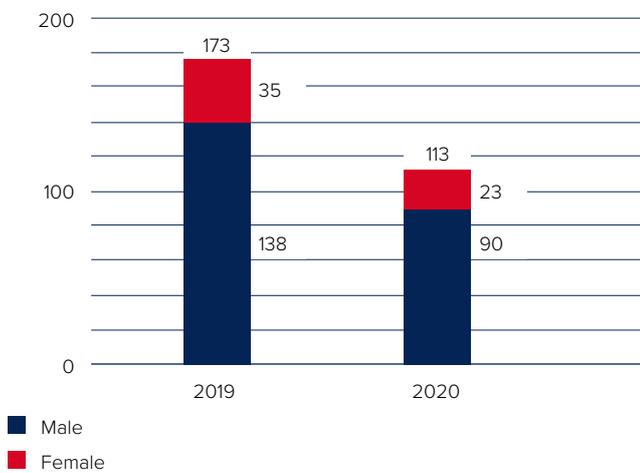
Professional Development for Employees

As the market for sanitary equipment and also the associated national and international requirements are developing dynamically, the continuous training of our employees is essential. They should also be able to develop to the greatest extent possible at TECE, both professionally and personally. That is why we offer them individualised training opportunities tailored to their specific needs. These can be junior staff development programmes, management trainings, studies or coachings. In terms of content, the topics range from product development and production to conflict or self-management. In the future, we aim to expand our training offerings to include sustainability topics. Due to restrictions as a result of the Corona pandemic, the amount of professional training time fell to 113 hours in 2020 (2019: 173 hours).

Yearly evaluations and feedback discussions are another important component of the ongoing training and professional development at TECE. Together with their superiors, our employees take responsibility for their professional and personal development and strengthen their skills. We do not currently collect key figures on employee appraisals; data collection will be set up by the end of 2022.



Professional Training (hours)



Systematic Onboarding

Because good onboarding greatly increases the chances of retaining good employees in the long term, we support new employees within the framework of a systematic induction programme not only in getting to know existing processes and structures, but also in building personal networks. On the one hand, we achieve this through a personal plan that shows what familiarisation is required for the new employee's duties; on the other hand, he or she is assigned a mentor as a contact person for all professional and personal questions. Comprehensive feedback is given in the middle and at the end of the probationary period. In addition to the performance evaluation, further development measures are also discussed together and initiated in a timely manner.

Employee Retention

Work-Life Balance

Our employees, with their knowledge and skills, are the basis for our company's success. To ensure that they are happy and motivated to contribute, we support them in balancing their private and professional lives. To this end, we offer them flexible working time models and the possibility to work from home. Working hours are generally not set up as core working hours, but as contact hours within the departments. Employees are assigned to their respective departments in consultation with their supervisors.

Remuneration and Retirement Benefits

An important factor in our strategic goal of being an attractive employer is the salary. At TECE, commitment and performance pay off. Despite all our internationality, we keep an eye on the achievements of the individual employee – and reward them accordingly. We subsidise childcare or care for relatives. Employees receive bonuses for anniversaries, weddings, training graduations, the birth of a child or as part of the company suggestion scheme. And with the company pension scheme, we take responsibility for our employees' retirement.

Freedom of Association

We observe the respective employment laws in all countries in which we are active. Every employee has the right to safeguard his or her interests, to establish an employee representation or to participate in it. TECE fully respects this right and does not put anyone at a disadvantage who is a member of an employee representation. We also inform employees in good time about operational changes. There is a minimum notice period of three months for the termination of company agreements. Furthermore, we cooperate openly and constructively with employee representatives. We are not bound by collective bargaining agreements.

“New employees are assigned a mentor as a contact person for all professional and personal questions.”

Diversity and Equal Opportunities

Appreciative Working Environment

We offer our employees an attractive working environment that is characterized by mutual respect. The climate in the company, with employees from around 60 nations at 26 locations, is culturally open. We are committed to fair treatment. This is also reflected in our code of conduct, with which we are committed to equal opportunities and equal treatment.

At TECE, career development is based purely on performance, personality, skills and aptitude. We do not tolerate discrimination or bullying based on skin colour, gender, age, nationality, religion, social origin, disability or sexual orientation. In order to promote the inclusion of severely disabled employees at TECE, a specific representation has been set up.

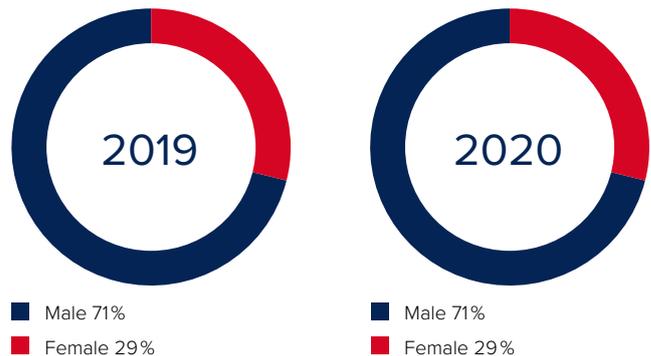
Sexual harassment, as well as all other forms of harassment in the workplace, is generally prohibited. It does not matter whether perpetrators consider their behaviour acceptable or whether those affected are able to escape the harassment. Incidents of discrimination are subject to sanctions under labour law. The last serious case of discrimination occurred in 2015 and the perpetrator was dismissed.

If employees feel disadvantaged in connection with their employment – whether for reasons of ethnic origin, sexual identity, gender, age, religion or disability – they can contact the work council's confidential representatives.

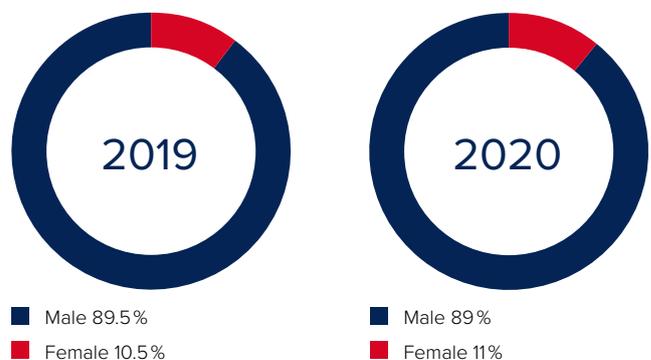
Diversity at TECE in Figures

As an internationally active company, we value diversity in the workforce but have not yet specifically managed this topic. At TECE, 71 percent of the employees are men and 29 percent women. 11 percent of leading positions (management and senior staff) are held by women.

Employees by Gender



Managers by Gender



Age Structure in Management Positions¹

	2019	2020
Below age 30	0%	0%
Age 30-50	31.6%	27.8%
Over age 50	68.4%	72.2%

¹ Management, senior staff

Age Structure of all Employees

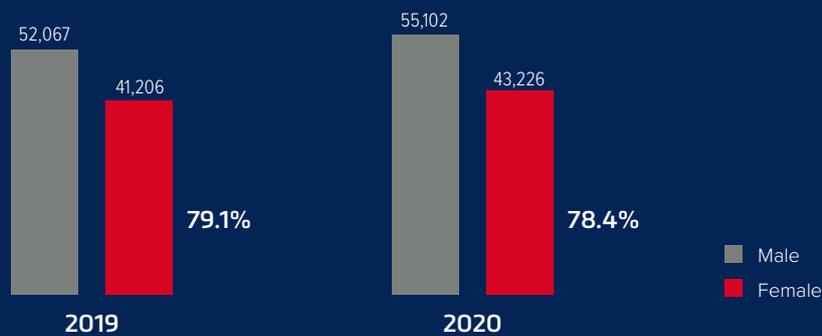
	2019	2020
Below age 30	15.2%	12.5%
Age 30-50	48.0%	49.9%
Over age 50	36.8%	37.6%

Salary Differences due to Gender

According to the Federal Statistical Office, women in Germany earned on average 4.16 euros per hour less than men in 2020. In order to increasingly close the pay gap and promote gender equality, we at TECE are focusing on transparency as a first step and disclosing data on gender and pay. In 2020, women at TECE earned on average 78.4 percent of the salary of men. The difference results, among other things, from the fact that the proportion of men is higher among skilled workers and the proportion of women is higher, for example, on the assembly line.

Salary Difference between Men and Women¹

Average annual income² in euros



¹ Management, senior staff, trainees, working students and temporary staff have not been included in the calculation.

² The calculation includes the monthly basic salary, holiday pay and Christmas bonus. Bonus agreements have been taken into account with a probable payout of 80 percent.

Health and Occupational Safety

Occupational Health Management

We aim to maintain and promote the health and well-being of our employees. Therefore, we ensure their safety at work and provide a health-promoting environment. We work continuously to minimise health hazards in the workplace. The goal of providing a safe and healthy working environment through certified occupational health management has also been formulated as part of the “Responsible and attractive employer” strategic focus topic.

A occupational health management system (OHM) is in place at all our sites in Germany. This consists of three areas: occupational health and safety, workplace health promotion and workplace integration management. The Emsdetten and Wuppertal sites completed the recertification of OHSAS 18001 to ISO 45001:2018 in 2020.

Occupational Health and Safety

A safe working environment is based on a solid risk analysis. Each department and area in the TECE Group therefore prepares a risk assessment under the project management of the occupational safety specialist. The workplace inspection by the company doctor is an important part of this. The doctor checks factors that could endanger the integrity and health of our employees. In the production facilities, these include noise, welding fumes and general dust exposure. The company doctor assesses risks in handling hazardous substances and fire or explosion hazards and evaluates mechanical, electrical, biological and thermal risks. Furthermore, hazards of working at computer screens and in the working environment in general are determined by the company doctor.

The central responsibility for occupational safety and health protection lies with the members of the occupational safety committee. At the various sites, this committee is made up of the management, works council, human resources, the occupational safety specialist and the company doctor.



At our German sites, we are currently not aware of any risk factors in the production facilities or at screen work that could lead to work-related illnesses. In all work areas, we observe the necessary safety precautions to protect the health of our employees.

Training Employees

TECE also carries out basic briefings on the topics of occupational safety and health protection at all sites. At the German sites, our employers' liability insurance association is responsible for this. We follow a top-down approach: First, the department heads are trained, who then pass their knowledge on to their team members. For new employees, temporary workers and tradesmen, the occupational safety specialist carries out the basic instruction. In addition, we provide our employees with online trainings on a range of topics, such as fire protection, screen work or the correct use of ladders and steps.

Measures in the Coronavirus Pandemic

In order to contain the Coronavirus pandemic and to be able to guarantee business activities without interruption as far as possible, TECE carried out instructions in close consultation with the company doctor – for example on the correct use of FFP2 masks or how to air closed rooms properly. Hygiene measures and regulations for the work from home were also introduced. The management informs all employees on the current situation in the company on a quarterly basis.

Occupational Health Management at TECE in Figures

In the reporting year, a total of 75 employees injured themselves (2019: 110) at work, 12 of them seriously (2019: 11). No work-related injuries were reported by our contracted temporary employment agency. There were no deaths at TECE due to work-related injuries in the reporting year.

To learn more about the health of our employees, the Techniker Krankenkasse (TK) and the Allgemeine Ortskrankenkasse (AOK) carry out annual absenteeism analyses on our behalf at our German sites. Due to our strong growth and the ensuing structural changes, there has been increased absenteeism in some areas. However, compared to other German companies, the absenteeism rate at TECE corresponds to the average.

Work-related Injuries to Employees

	2019	2020
Number of deaths due to work-related injuries	0	0
Rate of deaths due to work-related injuries	0	0
Number of work-related injuries with serious consequences ("reportable injuries")	11	12
Rate of work-related injuries with serious consequences	10%	16%
Number of work-related injuries	110	75

Since health is the basis for satisfied and productive employees, we support our employees in the best possible way with comprehensive workplace health promotion. An internal working group controls and coordinates activities in this area, and cooperates with health insurance companies and external providers such as the Institute for Workplace Health Consultancy (IFBG).

Workplace Services for Health Promotion

In addition to workplace health promotion, we offer our employees other various company benefits to promote their health. These include drinking water dispensers and a company bicycle lease. In addition, we ensure an ergonomic workplace with adjustable desks, provide workplace glasses if needed and finance massages by physiotherapists as well as weekly back fitness courses and circuit trainings.

Our employees also have the opportunity to participate in IFBG webinars on health topics. Health days round off our offer: The programme includes nutrition counselling, stress management or blood checks. If required, we also arrange contact with addiction or nutrition counselling and offer non-smoking seminars. Because of the typically numerous practical offers on site, the Health Day 2021 was postponed to next year due to the Coronavirus pandemic. To compensate, all employees were offered to get their “working from home driving licence”. The digital offer developed for this purpose covers topics such as ergonomics, nutrition, virtual collaboration and work-life integration while working from home.

For subsistence, a canteen and fruit baskets in the offices are available to our employees. At the Emsdetten site, we are planning a healthier offer in our canteen as well as a rest and fitness room for the new building, which is expected to be completed in 2023.

Health Survey at TECE

In October 2020, TECE carried out a comprehensive health survey on psychosocial stresses and strains at the Emsdetten site together with the IFBG. Employees were given the opportunity to answer the questions online within three weeks. The IFBG then presented the results to the company managers and formulated definite recommendations for action, such as future workshop requests from employees or specific meas-

ures for a better work organisation. Participants in the anonymous survey received coded individual feedbacks on their respective health status and lifestyle. The health report showed each employee how they compared to their work colleagues and the German workforce using a colour scheme from green to red. The report also included health tips.

The legally prescribed preventive medical check-ups are carried out by an external company doctor. Forklift drivers are also examined for their physical suitability for driving, controlling and monitoring activities. In the assembly area, we relieve our employees by using robots and through workplace rotation.

Operational Integration Management

If employees are absent from work for more than 42 days within a year due to health problems, we support their return to work at all our German sites: In a confidential initial meeting, we explain the planned procedure and the measures to overcome their inability to work. If the employee agrees to participate, a standardized process takes place, and after implementation, a final meeting follows. This enables us to meet the requirements of the German Social Code and prevent further incapacity to work.

Our Social Commitment

Donations and Sponsorships

For us as an internationally active company, donations and sponsorships are an expression of our social responsibility. We support several charitable organisations that operate both in Germany and internationally. In 2020, our donations went to the aid association Klimakommune Saerbeck, the German Development Aid for Social Housing and Settlement and the Münster Youth Foundation.

As a member of the "Emsdetten.Einfach.Machen" (Emsdetten Just Do It) association, which was founded in 2015, we support projects to improve the local conditions together with other industrial companies and invest in industry, infrastructure and environmental protection.

In addition, we support the TV Emsdetten handball team and regularly give our employees free tickets to their matches.

In order to coordinate donations and sponsorships centrally, we created a separate committee with a fixed budget for social institutions at our Emsdetten site at the start of 2021.

BUSINESS AND GOVERNANCE

Being close to people, markets and technologies gives us a deep understanding of our clients' needs. We use this understanding to create clever systems and solutions – with a real added value for our customers.



Making good things better and always setting new industry standards: in achieving this goal, we are guided by values such as courage, quality, aesthetics and sustainability. As a globally operating family company, fairness and cultural openness are also important to the TECE Group.

Organisation

Management and Business Units

Managing directors Hans-Joachim Sahlmann, André Welle and Michael Freitag have been responsible for the TECE Group since 2015. The management board is responsible for the successful operational as well as strategic management of the business. The advisory board fulfils the role of a supervisory board and consists of three external members and three shareholders. The management circle, consisting of six members, represents the central areas of TECE and supports the management in its duties.

Sustainability Management

Within the TECE Group, a joint sustainability strategy is to be implemented and an integrated sustainability management system is to be established. The position of Corporate Sustainability Manager has been created for this purpose. This manager reports directly to the management board, which is responsible for the topic of sustainability.

In addition, a sustainability council is to be created in the coming months as an operational network organisation with the participation of all sites and key functions. It will consist of members of the management circle and technical experts to support the management board in the ongoing development and monitoring of the sustainability management.



“In 2019, we introduced a group-wide compliance policy that serves as a code of conduct.”

Compliance and Data Protection

Responsible Corporate Governance

Managing a company sustainably requires that important values are lived. Therefore, acting with integrity and fairness is one of our strategic fields of action. Business partners, shareholders and also the general public place their trust in the TECE Group, which we have earned through honesty, a sense of responsibility and reliability. In order to be able to fulfil this trust as a globally growing company, we introduced a group-wide compliance policy at the beginning of 2019, which serves as a code of conduct. Each of our employees signs this guideline and thereby commits to comply with applicable legal regulations for the irrespective area of responsibility and other mandatory regulations.

This compliance policy is supplemented by local compliance programmes in the event of additional business or country-specific requirements. In doing so, TECE pays particular attention to the globally applicable regulations for the protection of human and children's rights as a fundamental and universally applicable requirement. We reject all forms of child, forced and compulsory labour as well as all forms of modern slavery and human trafficking. We expect the same from our business partners.

The company-wide sovereignty for compliance lies with the management board. Managers play a special role in the implementation of our compliance approach. They not only serve as role models, but are also available to employees at all times throughout the course of their daily work to answer questions.

We do not tolerate any violations of the applicable legal regulations and company rules. Within the framework of our “Governance and compliance” strategic focus topic, we have therefore set ourselves the goal of proactively ensuring that laws and internal rules of conduct are followed and that appropriate complaint mechanisms are established for this purpose.

Conflicts of Interest

Decisions in the company must be characterized by a clear attitude, especially when different interests are in competition or conflict with each other. At TECE, business decisions at all levels and in all areas must always be made in the best interest of the company; personal considerations or private matters must not play a role. Therefore, our employees should avoid potential conflicts of interest at all costs and, where this does not seem possible, disclose them.

Corrupt or other unlawful behaviour will not be tolerated. Suppliers are to be selected on the basis of objective criteria and the awarding of contracts is to be preceded by a fair and unbiased examination of the offers. Business partners or authorities are not granted benefits or incentives in exchange for dishonest or unlawful business practices. A private contracting of business partners who are directly related to an employee's field of work requires approval by the respective superior.

Competitive Behaviour

Fair competition is an important basic principle of functioning markets. We pursue corporate goals exclusively in accordance with the performance principle and in compliance with applicable competition rules. We expect the same from our business partners.

In day-to-day business, whether in procurement, product development or sales, anti-trust or market-relevant agreements of any kind with competitors are prohibited at TECE. This applies in particular to prices, offers, terms and conditions, production programmes, sales quotas or market shares. It does not matter whether it is an agreement or informal discussions, even outside official occasions. The mere appearance of a violation must be avoided.

Since we are actively involved in discussions and joint solutions within the industry, care must be taken, especially at association meetings and other industry gatherings, not to exchange confidential company information that could influence market events. The same applies to market research and benchmarking projects.

Membership in Associations and Interest Groups

Within our industry, we actively participate in knowledge exchange to jointly develop solutions through dialogue and discussion. Our most important memberships include:

- Association of the Installation Supply Industry (VIZ)
- Association of German Architects e. V. (BDA)
- Association of German Interior Architects e. V. (BDIA)
- Federal Association of Independent Real Estate and Housing Companies (memberships in various regional associations)
- Sponsoring Association of the Federal Foundation for Building Culture e. V.
- Plastic Pipe Association e. V. and through this membership part of the European Plastic Pipe and Fittings Association (TEPPFA)
- Austrian Plastic Pipe Recycling Working Group
- Swiss-Liechtenstein Building Technology Association
- Swiss Wholesale Association of the Sanitary Industry SGVSB
- Association of Freelance Architects of Germany e. V.
- Association of the Housing and Real Estate Industry (memberships in various regional associations)

Data Protection and IT Security

In line of a trusting cooperation, protection of personal data is very important. TECE GmbH and the group subsidiaries TCK GmbH and WET GmbH each have an external data protection officer (DPO). During the implementation of the General Data Protection Regulation (GDPR), all systems and processes for the digital and analogue processing of personal data requiring protection were checked for compliance, weak points were identified and validated and remedied by the DPOs. In addition, technical and organisational measures were introduced, especially for the digital processing of personal data, and employees were trained accordingly. These measures are reviewed at least twice a year by the DPO in cooperation with the head of data processing as internal coordinator.

At TECE, electronic data processing is also an indispensable part of the operational infrastructure – interference with these systems could bring production facilities or sales processes to a standstill. All employees are therefore obliged to observe the IT safety regulations or applicable company agreements and to actively support compliance with them.

Portfolio and Product Safety

Our Portfolio

Thomas Fehlings once summed up the company’s mission with a simple drawing and the words: “water in, water out”. He always had the quality of life and comfort for the users in mind – but also the demands of planners, architects, installers and operators. This has not changed at TECE. 90 percent of our products or system solutions perform their service behind the wall or in a pre-wall installation, 10 percent are visible, such as our flush plates or shower channels. All of them combine safe operation with timeless design. This combination stands symbolically for the driving force behind our company: making good things even better.

In order to do this, we maintain a lively exchange with employees, partners and customers. This is how we know what people need – and find ingenious solutions with our technological expertise. We call this:

“TECE – close to you.”

TECE Products

Sanitary Systems

- TECEone
- TECElux
- WC flush buttons
- Urinal flush plates
- Sanitary modules

Installation Walls

- TECEprofil
- TECEsystem

Drainage Systems

- TECEdrainpoint S
- TECEdrainprofile
- TECEdrainline
- Seal System

Piping Systems

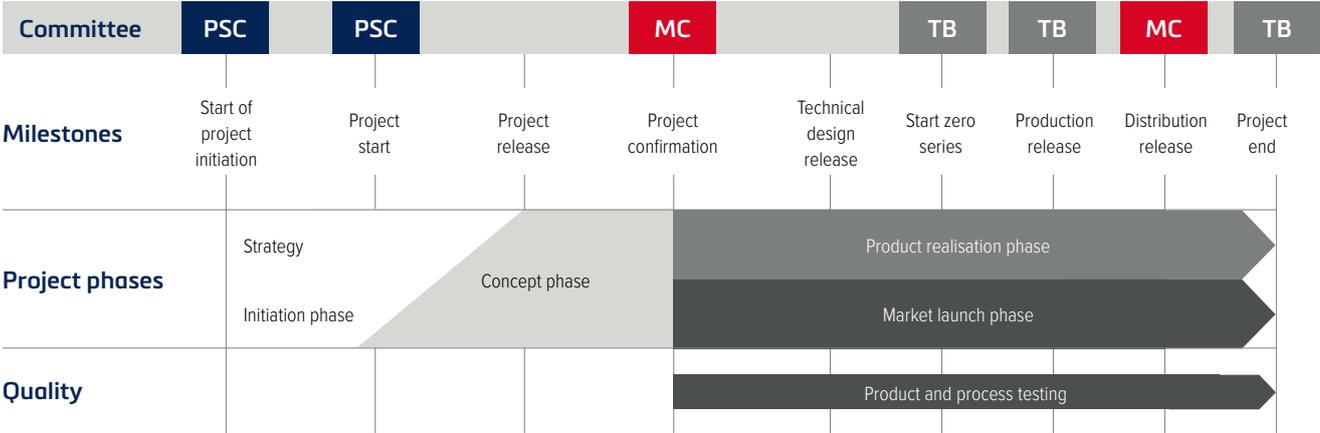
- TECEflex
- TECElogo
- TECEfloor

Our Product Development Process

Being fit for the future, thinking sustainably: Healthy and recyclable products are one of our four strategic fields of action. Our experts visit construction sites every day, speaking to fitters, architects and planners. Our customers tell us

about their experiences and always have good ideas for improvements. In order to be able to incorporate these experiences, wishes and a wide range of legal requirements into our product development, TECE has developed a special process with specific committees.

Committees in the New Product Process of the TECE Group



Product Strategy Circle (PSC)
 The Product Strategy Circle is responsible for new products and the product strategy at TECE. Since the main focus here is on customer orientation and the right products at the right time, the PSC is made up of the relevant managers from Sales, Product Management and Marketing. In the New Product Process (NPP), the management circle confirms the planned projects and approves distribution. The PSC decides on when the project starts and keeps an eye on the available resources. They meet monthly.

The Management Circle (MC)
 The Management Circle consists of six members and represents the central areas of TECE. It supports the management in its tasks, confirms projects and is responsible for distribution release.

Technical Board (TB)
 The Technical Board is, within the framework of the product development and supply chain/product provision business processes, responsible for the development, management and operational control of the technical functions. The focus is on operational implementation or continuous improvement. The TB meets weekly.

Competence Network
 The competence network is made up of the combined expertise of the three different competence areas of the TECE Group. Its task is to quickly provide information from the market to product management at headquarters. It is also used for the technical assessment of initial product information as part of the new product process. The competence network meets twice a year.

Product Safety

The safety of our products is a particular concern for us, both with regard to the well-being of our customers and due to legal requirements. Whether it's fire protection, sound insulation, stability or hygiene – we always think about all the requirements during development, production and quality assurance and improve certain properties further through targeted tests. To do this, we rely on our own laboratories with a high level of technology on the one hand, and on the other on external approval institutions which carry out regular tests at TECE.

This means that our products not only meet numerous approval criteria, but also always comply with current building regulations. In the area of fire protection, for example, we offer our customers and market partners only system solutions that are ready for acceptance and economical, and for this purpose we have carried out intensive fire tests on some of our products.

In order to achieve not only a safe, but also the most pleasant possible living and working environment, we aim to reduce disturbing noises during the use phase of sanitary installations. Here we are conducting research with the Fraunhofer Institute for Building Physics IBP on the sound transmission of our shower drainage systems. The measurements are carried out within a test centre acknowledged by the German Institute for Building Technology (DIBt), and the test reports can be used in full extent for building inspection purposes. The findings are incorporated into our product design. In addition, we provide recommendations for installation and also conduct test series here to reduce noise even further.

Within the framework of the “Consumer health and safety” strategic focus topic, we formulated the goal to consider the aspects of hygiene and easy maintenance in all product strategies and to establish a new field of competence for potable water hygiene. The field of hygiene essentially comprises three topics: potable water, toilets and the fundamentally easy care of the products.

Potable water hygiene: If there is no regular exchange of water in the pipes, the water stagnates and microorganisms can multiply. To prevent this, we integrate a hygiene flush into the toilet cistern box – an electronic flushing station without additional pipe loops. It performs a water exchange at the right time, economically and verifiably automated. This concept from TECE received the German Innovation Award in 2021.

In addition to this active prevention of stagnant water, it is important to prevent the potential migration of substances from the pipe system into the drinking water. These can be plastic components or metal ions from the connecting and accessory parts. One problematic substance in this context is lead, which is firmly bound in copper alloys but can migrate during the period of usage, for example through corrosion. For this reason, TECE began replacing the lead-containing gunmetal material with lead-free silicon bronze a few years ago. Around 95 percent of the changeover has since taken place. In price-sensitive markets and for pure heating applications, we continue to use leaded brass. However, the CW617N and CW612N alloys we use are on the Federal Environment Agency's positive list due to their very low lead emission.

The quality standard at TECE is an important unifying element in being able to reconcile all these requirements. Our organisation with regard to products and their development provides the necessary clarity. At the same time, our employees have the freedom to make decisions in consultation with their superiors, so that TECE as a group of companies can also respond quickly, flexibly and creatively to customer wishes.

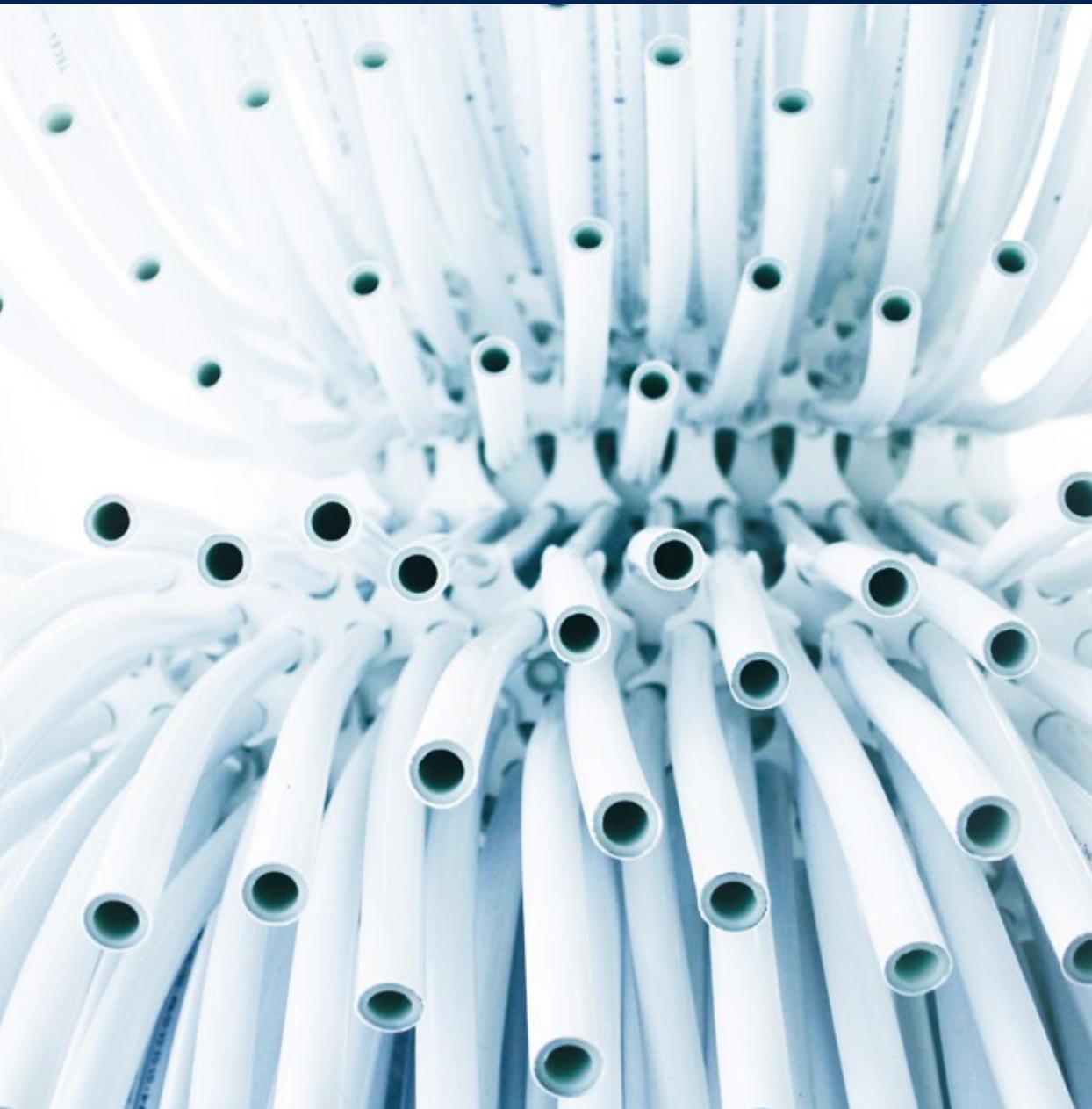
Toilet hygiene: When potable water leaves the potable water system, it immediately loses its “potable water” property. It is therefore essential to prevent backflow, backpressure and backsiphoning of non-potable water into the potable water network – especially in the toilet area. We adhere to the standards for the design and installation of safety devices in potable water installations.

Easy-care products: Showering without flooding – this can be achieved with shower channels or floor drains. For better hygiene, we take the easy-care cleaning of these drainage products into consideration during the design phase. Either the siphon can be removed or there is access tested by us for a cleaning spiral or high-pressure cleaner. This means that mechanical cleaning is always possible in the event of a blockage.



RESOURCES AND MATERIALS

At TECE, we not only ensure that our products meet the highest standards in terms of quality, design and function; with our standards in terms of their durability or water efficiency, we also optimise their ecological footprint.



“By using our Octa II cistern, households can save about 33 percent water compared to standard flushing systems.”

The manufacture and use of our products have various impacts on the environment and resources; at the same time, TECE has great potential here to achieve more sustainable effects. In line with our “Healthy and recyclable products” focus topic, we therefore aim to create greater transparency and prepare environmental declarations for all products by 2022. In the medium term, we are aligning our product design with the cradle-to-cradle principle – and we are already fulfilling our social responsibility and requiring suppliers to respect our code of conduct as well as our values and social standards.

Water Efficiency

As climate change continues, extended periods of drought and heavy rainfall are on the rise. The extent of the impact is still uncertain, but one thing is already certain: the conscious use of water is one of the most urgent tasks worldwide for ecological and social reasons.

In the sanitary sector, water-saving products have so far only been in demand in a few countries. But awareness of this kind of solution is growing worldwide. The water efficiency of its products has always been a concern for TECE – and one of its strategic goals. As early as 2011, we were the first manufacturer to equip our cisterns with the option of adjusting the flush volume to 4.5 litres for the large flush volume – users can flexibly regulate the flush volume themselves. This innovation was awarded the DesignPlus prize.

For their flush volume reduction together with electronic actuators, our cisterns achieve the highest score in Well Label, a product classification system of the European sanitary and fittings industry.

Our latest innovation, the Octa II cistern, also pays tribute to our “Product water efficiency” strategic focus topic: making a 4/2-litre flush volume possible for the first time. Compared to common flushing systems on the market, an average household can thereby save about 33 percent water. In addition, we aim to explore supporting ceramics and further ways of reducing flush water volumes.

Materials

To improve our overall environmental impact, we need to be more aware of material flows, manage them efficiently and recycle materials, in addition to using water consciously. This also makes it easier for us to apply the precautionary principle and the careful handling of raw materials and possible hazardous substances. Important aspects for us in relation to materials are the following:

- Efficient build-up and integration of material flow knowledge into material selection and product design
- Worldwide procurement according to sustainable criteria
- Optimal use of raw materials and materials in the production processes and cycles at the production sites – taking into account optimised energy use and the use of recycled raw materials from production or from the raw materials market
- Use of transport and product packaging that conserves resources as much as possible, as well as their potential return as recyclable materials in the corresponding material cycles

To this end, we have also selected several strategic focus topics and linked them to specific goals: We want to strengthen the idea of circular economy, anchor the useful life of products as a fixed component in the new product process, and make binding statements on spare parts availability – as well as set up functional processes to ensure this. We are currently working intensively on taking these requirements into account in our management systems and business processes – in order to be able to ensure a sustainable resource and material management in development, purchasing, production, logistics and sales.

In 2020, we procured around 20,000 tonnes of materials in Emsdetten. Crude steel, stainless steel and brass make up about half, followed by plastics, (natural) plaster, ceramics, rubber parts and, in small quantities, paints and adhesives. The materials and substances come mainly from Europe and Asia.

TECE also uses recycled materials, but in very different ways due to the different manufacturing technologies at the production sites. Depending on the product segment, we allow return materials with almost the same qualities to flow back into the process; in some cases, however, original goods must be added in order to achieve the desired product properties.

Packaging accounts for about 3,000 tonnes of the total volume of materials. Around 76 percent of the packaging consists of cardboard packaging and around 16 percent of wooden pallets (disposable and reusable pallets). In addition, there are labels and other materials such as polystyrene packaging or films. We aim to significantly reduce the proportion of plastic packaging and replace it with paper and cardboard packaging, of which the disposal is better established on construction sites.

In addition, the proportion of recycled paper and cardboard packaging is very high. For required new goods, we pay attention to FSC certification. There is a good worldwide waste infrastructure for these materials, which in turn enables a high recycling rate.

We seek to increase the recycled content wherever it makes sense and develop packaging solutions that fit the existing material flows of installers on site. Another TECE approach is to support the Healthy Printing Initiative to increase the availability of healthier materials in printed publications and packaging. Commercial transport packaging is taken back and recycled by a qualified contracted disposal company.

“TECE works with over 600 suppliers, of which 41 are strategic partners.”

Procurement

Our Supply Chain

In order to produce sustainably, it is important to consider the entire value chain. At the TECE Group, this comprises a supply structure for production materials and purchased products, our own production chain, and a logistics and distribution chain – from the central warehouses to the sales companies and their regional warehouses.

Our procurement markets vary regionally and internationally depending on the product and material group, but are mainly located in Europe (Central, Eastern and Southern Europe) and in Asia (primarily China). In total, the TECE Group works with over 600 suppliers, of which 41 are strategic partners.

Standards for Suppliers

We oblige our suppliers via the quality assurance agreement to implement our compliance policy and to observe the applicable laws. Before establishing a contractual relationship, we assess potential business partners via self-disclosure. This self-disclosure is also sent to existing suppliers annually and the answers are checked during on-site audits. Part of the assessment criteria during the on-site visits is, among other things, how occupational health and safety is implemented.

As human and children's rights are of particular concern to us, we are currently developing a human rights policy statement. In addition, a country-specific risk analysis is planned, which will also look at compliance with ecological criteria within the supply chain.

As part of our “Social and environmental standards in the supply chain” strategic focus topic, we have also formulated the goal of specifying the ecological and social requirements for our suppliers and establishing a risk analysis of social and ecological aspects in our supply chain.



ENERGY AND ENVIRONMENT

TECE produces with a high level of vertical integration and demanding quality standards. At the same time, it's a matter of course for us to use natural resources carefully and reduce environmental impact as far as possible.



“An energy management system has been introduced at all our German sites, which is certified in accordance with the ISO 50001 standard.”

We stand for well considered solutions, reliable technology and a lasting function. With this claim, we also aim to ensure production that is compatible with people and the environment. To achieve this and to continuously improve all processes, all production sites have a quality management system certified according to the ISO 9001 standard.

sites, which is certified in accordance with the ISO 50001 standard. We also take energy efficiency into account when procuring equipment, products and services.

In addition, energy targets are set annually in consultation with the specialist departments, the energy team, the energy management officers and the management and is then fixed as part of the investment planning. We aim to achieve the following targets by 2025 (baseline 2015):

Energy and Emissions

Certified Energy Management System

In order to increase environmental and climate protection in production, we aim to reduce our dependence on fossil fuels by using renewable energies. In addition, we have committed ourselves to responsible energy management as part of our environmental strategy. For this reason, an energy management system has been introduced at all our German

- Improve the utilisation rate of the combined heat and power plant in Emsdetten by 5 percent
- Improvement in efficiency in natural gas use by 3.5 percent
- Improvement in efficiency in electricity use by 5 percent at the Emsdetten site and by 2 percent in Wuppertal
- Improvement in efficiency in the use of compressed air by 3 percent in Wuppertal

Energy Consumption within the Organisation¹ in MWh

	2018	2019	2020
Primary energy consumption			
Natural gas	5,946	6,824	7,062
Coal	0	0	0
Liquid fuels	1,406	1,086	142
Secondary energy use			
Electricity – purchased	577	891	984
Electricity – self-generated ²	1,953	1,830	2,004
Electricity – supplied to energy utilities	708	456	316
Heat and cooling	0	0	0
Steam	0	0	0
Process heat/waste heat	0	0	0
Total energy consumption³	7,221	8,345	7,872

¹ TECE GmbH and TCK GmbH; excl: rental properties, vehicle fleet

² In our own combined heat and power plant; energy consumption is included in the value for natural gas.

³ Primary energy consumption and purchased electricity less electricity supplied to energy supply companies.

“At the moment, we are testing a transport management software to be able to identify and use transport synergies.”

Energy Efficiency

In order to reduce our energy consumption, we are currently successively converting all lighting systems to efficient LED technology. To this end, we have switched to highly efficient heating pumps and rely on intelligent controls in the areas of compressed air, heating, cooling, indoor climate, ventilation or lighting, such as presence-dependent lighting control in corridors and stairwells. Outdated hydraulic injection moulding machines have been replaced by efficient, servo-electrically powered ones.

A new energy centre is also being built at the Emsdetten site and should be completed by mid-2022. This will not only improve generation capacity, but also enable a significant increase in efficiency in the production and provision of compressed air, heat, cooling, electricity and vacuum for production and buildings. The new building measure will also provide a centralized supply of energy to existing and new buildings – allowing us to increase energy recovery and free cooling.

Emissions

Any measure that reduces energy consumption also reduces emissions. We are therefore working to constantly increase resource and energy efficiency in order to have as little impact as possible on the environment and climate. We reduce the emission of the various pollutants resulting from our production, among other things, by using management and monitoring systems, filter and after-treatment systems and regular safety instructions that qualify our employees to handle the systems correctly.

As part of our strategic focus topics, we have formulated the goal of determining TECE's carbon footprint. For this reason, we are examining various options to effectively reduce our greenhouse gas emissions beyond existing energy efficiency measures.

Logistics and Transport

Vehicle Technology and Alternative Drives

As part of our “Eco-friendly logistics” strategic focus topic, we have set out to develop environmentally efficient intermodal solutions in logistics, to focus on efficient, needs-based procurement and to examine the use of alternative drive energies. In order to keep the ecological impact of necessary transports of goods as low as possible, we place great emphasis on modern technology.

We are currently working together with the city of Emsdetten and a transport service provider to enable the collection of daily goods shipments by long trucks. We are also working on an e-mobility concept for our car fleet. In the field of warehouse technology, in recent years we have replaced all forklift trucks with lead-gel batteries with lithium-ion technology. In addition, we commissioned an energy-efficient automated small parts warehouse (Autostore) with self-propelled forklifts with lithium-ion technology in 2021.

Warehouse Network Structure

Besides vehicle technology, a major lever for reducing transport-related emissions lies in optimal logistics. Prior to 2019, goods from all suppliers and plants were brought to Emsdetten and then they were shipped to customers and sales branches. A significant milestone for TECE in reducing transport distances was therefore the commissioning of the second central distribution centre in Poland. Due to the immediate vicinity to our Polish plants, we have reduced production-related transports here as far as possible.

In order to identify further transport synergies at an early stage, to determine the optimal transport route for our goods and to reduce unnecessary transports, we are currently examining the use of a new transport management software. Furthermore, we are constantly improving internal processes to avoid unnecessary or empty transports.

Water, Waste Water and Waste

Water Withdrawal and Waste Water

We need water at our sites to manufacture our products. As it is a finite resource, we want to ensure that we use it sustainably and carefully.

Our highly efficient water management and water monitoring ensures that our production requires very little water intake. This is primarily conducted in a closed circuit; for waste water, there is a follow-up treatment system with corresponding measuring procedures and protocols. We treat the

process water for production with electromagnetic instead of chemical treatment processes and discharge it into the public sewer system during revisions.

The sanitary facilities constitute the greatest water consumption at the production sites. At TECE, they are equipped with the latest water-saving technologies from our own product portfolio. Domestic wastewater is not treated and is discharged directly into the public sewer system.

A large part of the water taken from the public supply is produced as wastewater. A small percentage is used for cooling and testing processes. Overall, the internal water

Water Withdrawal¹ in Megalitres

	2018	2019	2020
Surface water withdrawal	0	0	0
Groundwater withdrawal	0.8	0.8	0.8
Seawater withdrawal	0	0	0
Withdrawal of produced water	0	0	0
Water withdrawal from third parties (municipal water supply)	3.789	2.751 ²	2.764
Total	4.589	3.551	3.564

¹ TECE GmbH and TCK GmbH

² Water withdrawal was greatly reduced in 2018/2019 due to the dismantling of a cooling tower.

Water Recirculation¹ in Megalitres

	2018	2019	2020
Surface water	0	0	0
Groundwater	0.8	0.8	0.8
Sea water	0	0	0
Water from third parties (municipal water supply)	3.789	2.751	2.764
Total	4.589	3.551	3.564

¹ TECE GmbH and TCK GmbH

Circuits lose only small amounts through leaks or evaporation. The water for cooling and testing processes is replenished as required. Well water is used to water the outdoor facilities, and unpolluted rainwater from the roofs partly flows back into the ground via infiltration systems.

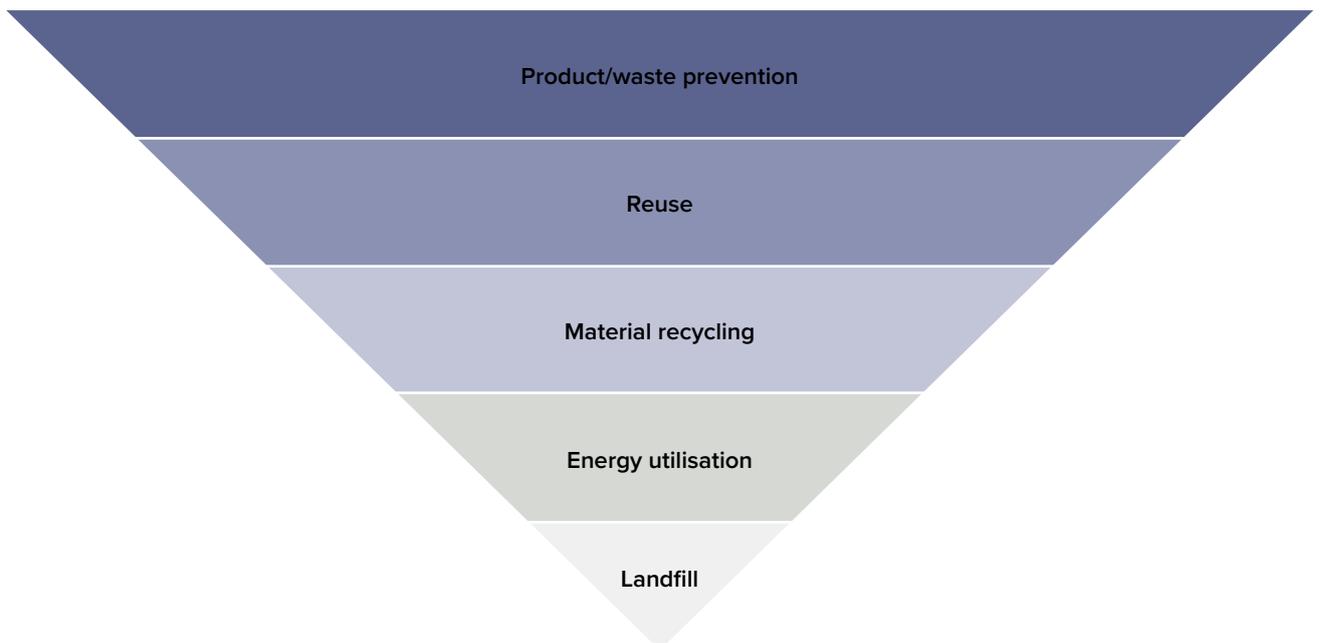
The sites in Emsdetten are located in areas with a water protection zone. Here, TECE pays attention to the special criteria that need to be observed in this respect.

Waste and Packaging

TECE consistently follows the five-stage waste hierarchy of avoidance, preparation for reuse, recycling, other recovery (in particular energy recovery) and backfilling, as well as disposal. This is the core element of our waste management.

Avoiding waste has the highest priority. For this reason, quality assurance systems have been established at TECE to avoid high reject/scrap volumes, which also ensure the careful handling of raw materials and possible hazardous substances. In order to prevent environmental damage caused by insensitive handling of production resources, we train our employees within the framework of our precautionary principle; our occupational safety requirements also have a high priority in production.

Waste Hierarchy



Since production waste can never be completely avoided, we try to close internal material cycles as much as possible. To this end, we rely, among other things, on external suppliers who process the materials. In addition, we replace materials such as adhesives and aerosol cans wherever possible in order to avoid hazardous and chemical waste. Materials that can no longer be used internally are disposed of by a certified waste management company. In addition, we use reusable containers instead of cardboard boxes, for example.

In accordance with the German Packaging Act, TECE reports packaging quantities to the Central Packaging Register Office and obliges a qualified disposal company to take back

commercial transport packaging. Moreover, we are planning a process for waste management with regard to packaging quantities and recycling rates in order to be able to determine valid figures.

Currently, we only have waste figures at site level. In order to be able to better manage the issue, we aim to further improve the data quality here as well. The waste volume shown in Emsdetten is comparable to that of the other sites.

Waste Generation¹

	2018	2019	2020
Total weight in t	308.495	381.347	337.658
of which metallic waste incl. electronic waste	14.035	15.274	9.787
of which paper, cardboard and cardboard packaging	56.870	53.080	70.560
of which waste wood	67.180	68.000	62.920
of which foil waste	12.400	8.600	11.720

¹ TECE GmbH and TCK GmbH, based on collection by our certified waste management company

ABOUT THIS REPORT

This is the first sustainability report of the TECE Group. It relates to the 2020 financial year, with quantitative data collected as of the reporting date of 31/12/2020. Qualitative information was included up to the editorial deadline of 31/08/2021.

In our first report, we focus on our German sites of TECE GmbH, TCK GmbH, WET Wuppertaler Edelstahltechnik GmbH & Co. KG and MAGUS GmbH. Quantitative data in the “People and Culture” section refer to these same companies

and therefore to our Emsdetten and Wuppertal sites; in the “Resources and Materials” and “Energy and Environment” sections, the data only refers to TECE GmbH and TCK GmbH in Emsdetten. At present, there is no systematic comparability of the data beyond these sites.

The reporting is based on the GRI standards: core option. A materiality analysis in accordance with GRI was carried out at the turn of the year 2020/21. The GRI content index can be found on pages 37-39.

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GRI 419-1: Non-compliance with laws and regulations in the social and economic area		None

PUBLICATION DETAILS

Published by:

TECE GmbH

Hollefeldstr. 57
48282 Emsdetten, Germany

Tel.: +49 25 72 / 9 28-0

Fax: +49 25 72 / 9 28-124

Email: sustainability@tece.de

www.tece.de

Concept, editing and design:

akzente kommunikation und beratung gmbh, Munich

For more information visit
www.tece.com

TECE GmbH

Germany

T +49 25 72 / 9 28 - 0

info@tece.de

www.tece.de

TECE Österreich GmbH

T +43 22 54 / 2 07 02

info@tece.at

www.tece.at

TECE Schweiz AG

T +41 52 / 6 72 62 - 20

info@tece.ch

www.tece.ch