

Supplier Sustainability Guidance

KOHLER®

INTRODUCTION

At Kohler, we believe our best can always be better: better for the lives we touch, better for our communities, better for our planet, and better for our business. That is why we embrace sustainable development goals as a guide for the actions we take and tap into our industry experts for innovation and commercialization for sustainable solutions to some of the most pressing environmental challenges. We recognize that Kohler’s suppliers play an integral role in helping us to achieve our goal of working in harmony with our surroundings.



We are inviting our suppliers to join us on this journey of sustainability growth so that current and future generations can benefit from sustainable living. We thank you for your dedication and collaboration with Kohler Company.

SCOPE AND USE

The Supplier Sustainability Guidance document was created to help inform our suppliers of resources available to help them on their sustainability journey and to provide clarity to our suppliers on Kohler’s expectations. The content in this document aligns with the UN Sustainable Development Goal 12, Responsible Consumption and Production. If you elect to share sustainability data with Kohler Company, we will use this data for internal data collection and will not share confidential information externally. All data will be kept in a secure location.



DATA FOR KOHLER’S SUPPLIER SUSTAINABILITY PROGRAM

The suggestions listed below are the specific data points Kohler Company is looking to collect. For more information pertaining to each of these data points, please see the subsequent sections. If you wish to provide Kohler with data around your emissions, please visit kohlercompany.com/suppliers/conducting-business/ and fill out the Data Collection Supplier Template.

<p>Scope 1, 2, and 3 emissions data (CDP report, EcoVadis Submissions or raw data)</p>	<p>Renewable energy (more than normal grid mix) and the total % of renewables vs. total energy consumption</p>	<p>Water usages</p>
<p>LCA data for your products that you sell to Kohler</p>	<p>Recycled content % in the items you sell to Kohler</p>	<p>Any additional sustainability data you feel is pertinent to the products you supply to Kohler (ex. Opportunities for more sustainable products)</p>

KEY FOCUS AREAS AND RESOURCES

DATA MONITORING

To provide Kohler and other customers with sustainability data, it is imperative to have data monitoring systems in place. Some examples of sustainability data that may be requested include water usage, carbon emissions data for scopes 1–3, renewable energy information, electricity usage, and waste to landfill data. Each section below will provide you with useful resources on how to track, measure, and manage each data category.

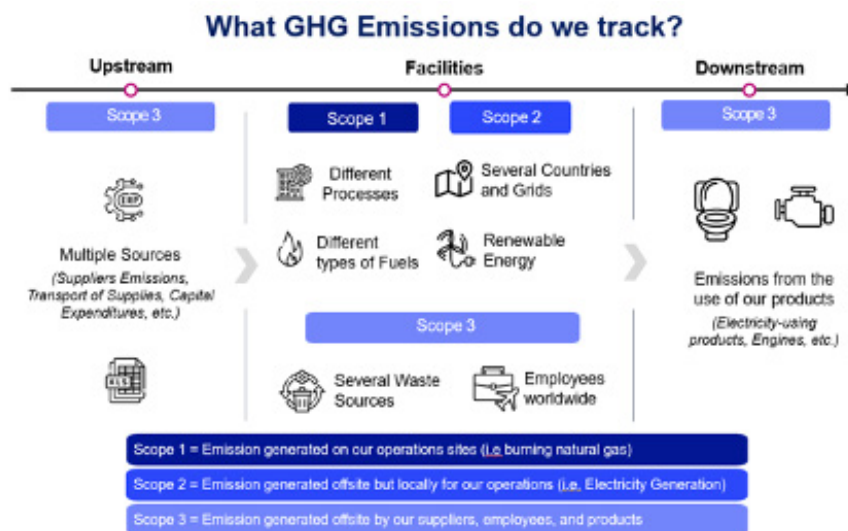
RESOURCES:

- CDP Reporting Page – [Home CDP](#)
- GRI Reporting – [GRI Home Page](#)
- Brightest IO – [ESG Reporting](#)

EMISSIONS MEASUREMENT AND REPORTING

Emissions measurement is a key area to be able to provide valuable information to your shareholders and customers. Measuring emissions is the first step in understanding the impact that your company has on the environment. Measurement across scope 1, 2, and 3 emissions are critically important as we look to decarbonize. We recognize that the measurement of scope 3 emissions can be challenging due to unknown information and the complexities of global supply chains. There are resources below on how to begin this journey. Additionally, our team is happy to discuss our experience with our suppliers and share our insights.

Reporting on emissions is also critically important because it shows a commitment to sustainability and encourages businesses to innovate and create new processes, technologies, and products to further decarbonization. The greenhouse gas (GHG) protocol, linked below, is an excellent resource to understand how to report on your emissions.



RESOURCES:

- WWF Emissions Possible – [Home Page](#)
- GHG Protocol – [Emissions Measurement Standards](#)
- EPA Emissions Calculator – [Simplified GHG Emissions Calculator EPA](#)
- EPA Supplier GHG Emissions – [Supplier GHG Questionnaire](#)
- The Sustainability Consortium, Resources for Learning
How to Measure Scope 3 Emissions – [Resource Guide for Scope 3](#)
- CDP Reporting Page – [Home CDP](#)

EMISSIONS REDUCTION TARGETS

Once you have measured your emissions and begun reporting, the next step is to establish reduction targets or goals with which your company aims to align. These goals often are presented as SMART goals meaning they are specific, measurable, attainable, realistic, and time bound. At Kohler Company, we have committed to net-zero greenhouse gas emissions across scope 1 and 2 by 2035 and assessing our scope 3 footprint globally.

RESOURCES:

- Know Your Frameworks – [Schroders Article](#)
- EPA – [Target Setting](#)
- Science-Based Targets – [Home](#)
- TCFD – [Home Page](#)
- Walmart – [Setting and Emissions Target](#)

WATER USAGE

As a part of Kohler Company's core missions, we work to ensure access to safe water and sanitation for all associates and communities around the world. A part of this mission is ensuring we are responsible stewards of water in our own operations and in the surrounding communities.

Water usage should be measured and monitored for all supplier locations but especially for suppliers who have operations in high-risk watersheds. A high-risk watershed is one with high water stress, water quality issues, susceptibility to seasonal changes, etc.

- **Evaluation of Water Resources:** To find out if you are located in a scarce-water region, we recommend using the World Resources Institute's water risk filter tool. In addition, understanding where your water supply originates from is a crucial step to monitor and improve water usage.

Another part of being a responsible water steward is treating wastewater responsibly to prevent any negative environmental impacts from water associated with manufacturing processes. Lastly, it is important that suppliers provide access to water, sanitation, and hygiene facilities in their own operations.

RESOURCES:

- [CDP Water Security Report – Water Accounting](#)
- [Identifying High-Risk Water Sheds](#)
- [Alliance for Water Stewardship – Water Reporting](#)
- [WaSH Services at the Workplace](#)

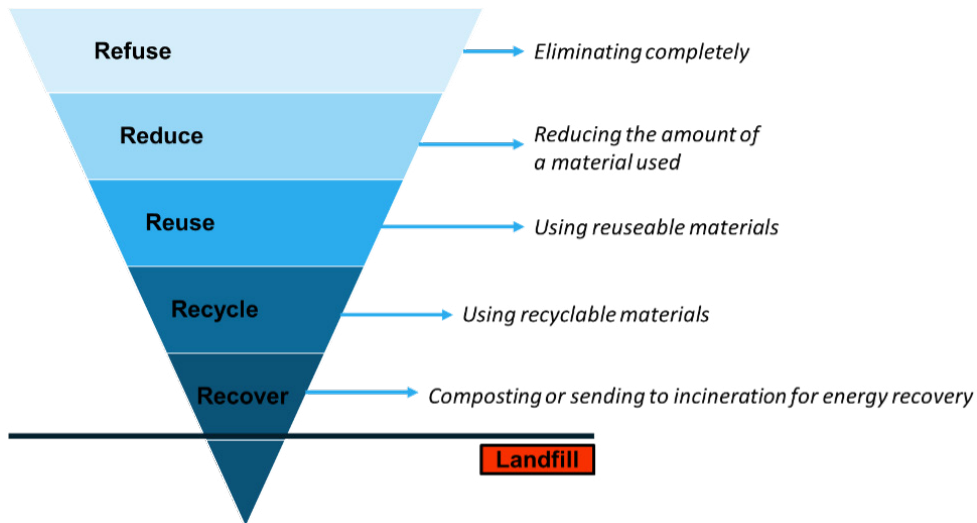
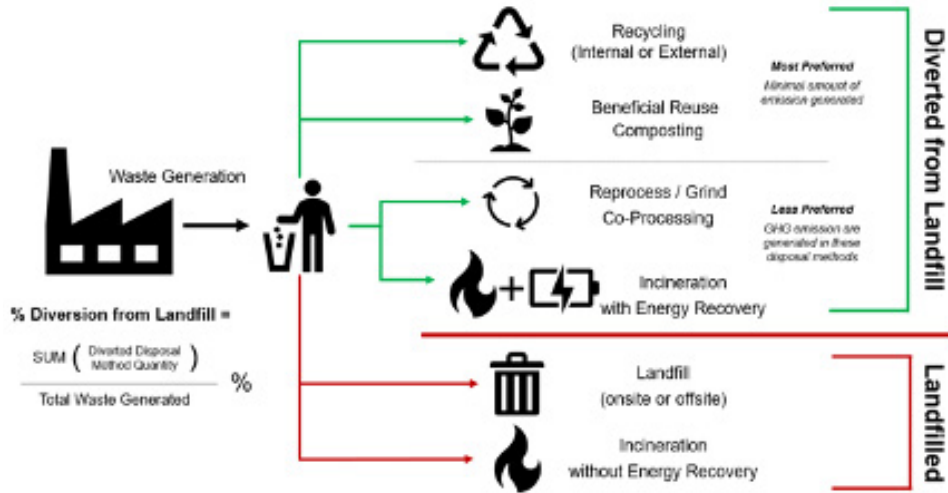
WASTE

Waste generation is often unavoidable. Measuring the amount of waste that you create each year and the end of life of that waste is a crucial step to understanding the areas of opportunity. Waste diverted from landfill through various disposal methods ensures that we are maximizing the valuable raw materials of our planet. We challenge our suppliers to look at what we typically think of as waste to see where we can refuse, reduce, reuse, recycle, or recover these outputs within existing or new processes.

RESOURCES:

- [TRUE Certifications](#)
- [DoE Waste Diversion Best Practices Link](#)
- [KOHLER WasteLAB®](#)
- [Kohler Safe Water for All](#)

How do I calculate % Diversion from Landfill?



PACKAGING

Packaging is often an area of opportunity. While reductions of unnecessary packaging are a key lever, we need to make sure that packaging still provides the necessary product protections as broken or wasted products can have a high sustainability impact. Some ways to identify environmental impact reduction opportunities in packaging are:

- Utilize recycled content or bio-based materials
- Utilize best practices in responsible sourcing and handling of raw materials, as well as certifying as applicable (i.e., SFI, FSC, etc.)
- Using returnable packaging where the distance from supplier to Kohler is feasible
- Eliminating single-use plastics and other materials that are not recyclable or have low recycling rates ensures material is not in a landfill at end of life
 - For example, while EPS foam and some plastic films are technically recyclable, they are only accepted at specific recycling facilities, making it unlikely to be recycled. A better choice would be paper-based packaging, which is widely recyclable.
- Ensuring packaging components can be easily separated for proper disposal
- Redesigning packaging to allow more items to fit on a pallet to decrease shipping costs and transportation emissions

If you have ideas for Kohler finished goods packaging, please reach out to the contacts at the end of this document or your Kohler relationship manager.

RESOURCES:

- How to recycle membership and labels – [Link](#)

ENERGY

As we all look to improve our emissions and reduce harm to our environment, understanding the energy we currently use and where this energy comes from is an important step in calculating scope 1 and 2 emissions. Fuel-based scope 1 emissions often have very few decarbonization options compared to electricity-based scope 2 emissions. When able, switching from a fuel-based energy source to an electric one can make decarbonization easier in the long term. Additionally, investing in renewable energy is a great strategy to reduce emissions and positively impact communities around the globe. For those who are hesitant due to the up-front capital cost, we would suggest reading into the PPA market. One additional solution is efficiency improvement within your facilities and processes. Note some examples provided below.

RESOURCES:

- Purchased Power Agreements – [World Bank](#)
- Kohler Energy – [Diamond Vista](#)
- Strategies to Reduce Scope 1 and 2 Emissions – [Jabil](#)

CIRCULARITY

Circularity of products and processes is another key area for reducing emissions and waste. The focus of circularity is to create closed-loop systems by reducing waste, promoting reuse of resources as discussed above, and incorporating more recycled or bio-based materials into the production of products. At Kohler Company, we use a process called Design for Environment which is an ideation tool to help us understand how our product designs will impact the environment. We have created a strategy wheel for our suppliers, called Buy for the Environment to help them utilize this ideation methodology within their own processes.

RESOURCES:

- Why Circularity Is Important – [UL Article](#)
- Developing Products for a Circular Economy 0150 [McKinsey Article](#)
- Kohler BfE Tool Kit for Suppliers



UPCOMING EXPECTATIONS

In 2024 Kohler Company aims to educate and communicate with our supply base to discuss supplier sustainability and its importance to our organization. Please ensure you are familiar with all of the concepts discussed in the above document and reach out if you have any questions or ideas for collaboration.

In the near future, Kohler will begin requiring suppliers to report on and share reduction plans for their emissions through our supplier sustainability policy. We will also be focused on working with our suppliers to reduce waste and water where applicable.

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