

# ELKAY®

2020 Corporate Responsibility Report

## Honorable Endeavors



Covers reporting periods  
2018 and 2019

## What do we mean by **honorable endeavors?**

When you run your business for so long, putting values such as **“making a profit is an honorable endeavor”** and **“our strength is in our people”** at the heart of your decisions, social responsibility, sustainability and good citizenship become cultural byproducts.

Elkay attracts people who find our values compelling. Our values are why they come to Elkay — and it’s why they stay. And once onboard and operating in a culture that emphasizes **doing the right thing**, they ultimately do right by the world. As a result, our company track record, when viewed through the lens of **“corporate citizenship”**, is something we are all quite proud of.



## A letter from Ric Phillips, President and CEO, Elkay Manufacturing Company

Elkay is often recognized for our corporate responsibility endeavors. This recognition stems from the high visibility of our products, which provide people around the world with free access to fresh, filtered drinking water; our helping to reduce the use of single-use plastics through our water bottle filling products; our caring for and investment in our people and communities in which we operate; and our long-standing philanthropic and volunteering programs.

Because of this well-earned reputation for doing good (as sustainability reporting and conscious capitalism philosophies have been embraced by business thought leaders), our associates, partners and customers have asked Elkay to report more formally on our sustainability footprint and Corporate Responsibility (CR) impacts. In response to this demand, Elkay began our CR reporting journey in 2018 with the launch of our first report covering the 2016-2017 reporting period.

Following the publication of that first report, which shared metrics we had historically tracked internally, we began to develop a formal approach to measuring our environmental and social impacts, firmly anchoring sustainability and corporate responsibility within our culture.

### Elkay's CR priorities

With the knowledge that "only that which gets measured gets improved," our short-term goals during the current reporting period have been focused on measurement:

- Reaching out to our stakeholders and identifying what performance metrics they expect of us from a corporate responsibility and sustainability reporting standpoint.
- Engaging a passionate group of millennial employees to seek ideas for how we could improve on our 2016-2017 metrics.
- Developing standardized best practices and reporting methodologies that can — to the degree possible — be rolled out enterprise-wide, enabling us to measure, monitor and ultimately control our impact on society and the environment.
- Consulting industry benchmarks to identify areas where we are underperforming, once metrics were developed. This will enable us to put strategies in place where we can make stronger positive impacts on society while optimizing our overall environmental impact, both through reducing any negative impacts of our own and our supply chain's operations, and by continuing to positively influence the packaging choices the public makes when consuming beverages.

The corporate responsibility and sustainability priorities we are currently pursuing include: providing greater transparency around the content of our products by creating Health Product Declarations (HPDs); providing end-of-life guidance for products; inventorying and beginning to proactively manage our use of resources (energy, water, fuel, waste, etc.); placing a greater emphasis on our diversity, inclusion and equity impacts by creating a diversity, equity and inclusion council and the Supplier Diversity Program; establishing a science-based approach to reducing greenhouse gas (GHG) emissions in our business and supply chain; developing a statement of our corporate purpose in order to keep social and environmental impacts front and center in our business decisions.

### Societal shifts also shape our CR endeavors

Employee concerns about social justice issues have opened our eyes as an organization to the inequity in our world. As a direct result, we are now proactively seeking to improve our own performance and internal impact in the areas of diversity, equity and inclusion, and doubling down on our efforts to support the needs of minority groups and communities of color. Climate change is another burning issue that is coming to the forefront of our stakeholders' concerns, leading to our

decision to begin tracking and seeking ways to reduce our GHG footprint.

Important events also took place within the company during the 2018-19 reporting period that have significant bearing on this report.

We sold our cabinet business and acquired several businesses in Asia, Europe and Latin America. These organizational changes have a significant impact on the scope of what we measure and report from a sustainability standpoint.

With this year's report, we have identified the metrics we will continue to hold ourselves accountable to going forward. Along with the baseline metrics, you will also find clear targets for improvement in terms of our product roadmap, diversity efforts and support for minorities and vulnerable communities of color, resource consumption, product transparency and GHG emissions.

I'm proud of our CR team's work in developing our measurement methodologies and gathering our data. As is often the case, the more you know, the more you see how far you have to go. With new metrics in place and key social impact and sustainability targets identified, we're just beginning our CR journey. In the year ahead we'll begin to execute strategies for improving against these targets.

### Ingenuity is the key to the future

Elkay employees have a reputation for resourcefulness and ability to drive change. You will see these qualities on display in the stories scattered throughout the report.

Nowhere are these qualities more critical in today's world than for creating a more equitable society where everyone can thrive in protecting our planet so that it continues to support the wellbeing of generations to come. I look forward to seeing the creativity and initiative our teams bring to bear in identifying and pursuing our corporate responsibility and sustainability targets, and to even more amazing stories in two years' time when we once again share these "honorable endeavors" with you.

Sincerely,

Ric Phillips  
President & CEO  
Elkay Manufacturing Company

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Because  
**ELKAY®cares** about...

## Our Planet

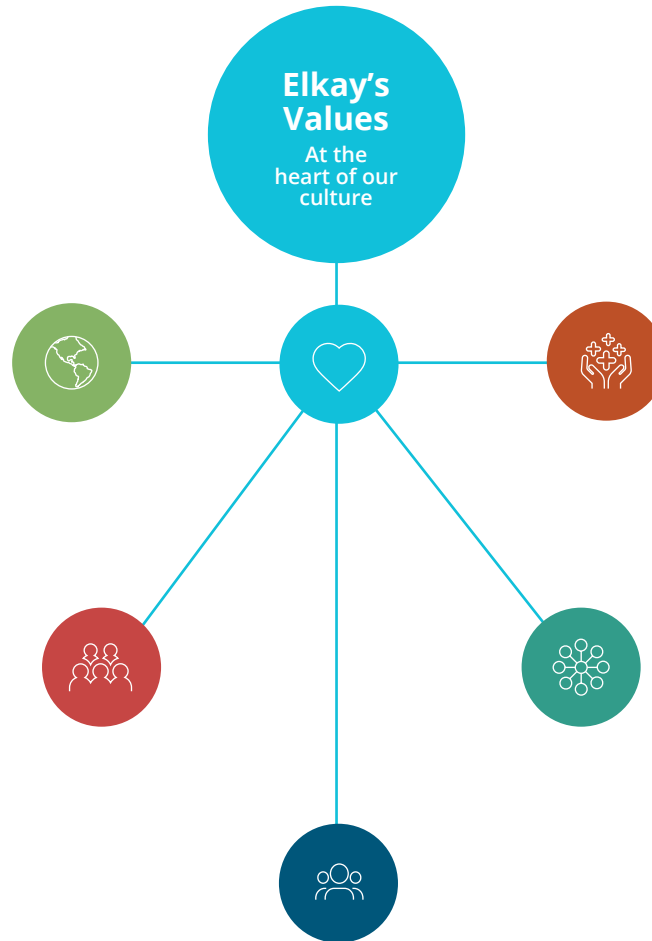
### Environmental impact

- Maintain green office practices
- Practice pollution prevention
- Be efficient with resources
- Sustainable use and disposal of products
- Produce environmentally friendly products
- Minimize manufacturing waste/environmental harm

## Our Community

### Community involvement

- Charitable giving
- Social issues/supporting vulnerable communities
- Individual, group, skills-based and pro bono volunteering



## Our Values and Ethics

### Marketplace policies and practices

- Human rights
- Global supply chain
- Code of conduct
- Product quality/safety
- Customer/vendor relations
- Customer privacy/security
- Product compliance

## Our Future

### Business philosophy and design

- Vision
- Mission
- Governance
- Business structure
- Transparency
- Innovation

## Our People

### People policies and practices

- Engagement
- Safety programs
- Diversity, equity and inclusion
- Work/life balance
- Wellness programs
- Employment policies
- Total compensation and rewards
- Employee development

## Because **ELKAY** cares about ...

### Employee Engagement

Elkay strives to fully engage our teams in their work. Through engagement, the individual, the team, and the company as a whole win. Leaders focus on removing obstacles that might stop employees from feeling fully engaged, reaching their personal best — and achieving our common goals.

### Employee Development

Elkay strives to make each employee's experience one centered around growth and engagement. We believe professional development is a partnership between employees and our leaders. Through formal performance and talent management, we provide a vehicle by which those conversations happen regularly. We offer a variety of activities, project work and training to help our team members chart a course for success.

### Total Compensation and Benefits

Competitive compensation and benefits help us attract the most talented people. We're proud that these offerings are consistently rated favorably by employees.

### Work/life Balance

Being family-owned and operated, we have a deep appreciation for the importance of a healthy home life. Employees report a real sense of family and closeness here — and that they can leave behind work-related challenges when they return home.

### Safety Programs

We're committed to providing an environment where employees are safe, well-prepared to handle safety issues and actively looking out for each other — so employees can go home to their loved ones in the same condition as when they arrived.

### Employment Policies

Fairness. Open communication. Access to leaders. Empowerment — knowing that your voice is heard. These aspects of our employment experience help people build a successful career with Elkay. Our employment policies protect employees from harm and ensure the interests of the company are served. Working together, we live up to our value that "We are in business forever."

### Wellness Programs

Most companies offer health benefits; Elkay is no exception. And our wellness programs go beyond health benefits that address illness once it occurs, by informing and engaging employees in upfront wellness planning and taking proactive steps to stop health issues in their tracks.

### Diversity, Equity and Inclusion

Elkay condemns racism, discrimination and social injustice of any kind. We are an equal-opportunity employer, committed to developing and maintaining a diverse, equitable and inclusive workforce. We are deeply committed to human rights, which we see as an area we cannot be silent about.

Our core value "Our strength is in our people" applies equally to the people within our company and to our global community as a whole. In expressing this value, we refer to all people, regardless of race, color, creed, ability, or gender (the incredibly diverse universe of unique and wonderful people that make up our extended Elkay family) — our employees, partners, customers and suppliers, wherever we meet them.



## Because **ELKAYcares** ... about our communities

### Charitable Giving

Employees can participate in the ELKAYcares charitable giving program. Through this company-matched, payroll-deducted giving campaign, employees donate to a wide array of charities focused on health, environmental protection, animal welfare, clean water, affordable housing, veterans' issues and supporting those in need.

### Elkay Family Foundation

Developed by Elkay's founding family, the mission of the Elkay Family Foundation is to aid our current and future workforce — and the communities in which they live — in the following ways:

- Serve members of the extended Elkay family by helping in the recovery of those who have been impacted by natural disasters.
- Attract and prepare the workforce of the future through educational scholarships.
- Support vocational training programs in the communities in which Elkay operates.
- Build pride for our neighborhoods in grants to support affordable housing.



### Volunteer Time Off

Elkay employees receive two paid days off per year to volunteer locally. Volunteering can take place during business hours by requesting time off in advance of the volunteer day, or it can be done on the employee's personal time, in which case the employee will receive comp time for the time they volunteered.

While up to eight hours can be spent at a qualifying charity of the employee's choice, the second day off should be at a company-sponsored event. In addition to benefiting the community and the charity, company-sponsored volunteer events provide an enjoyable team-building experience.

### Skills-based/Pro Bono Volunteering

Elkay's pro bono program "Use Your Smarts for the Arts", which is built on a partnership with the Chicago Arts & Business Council, matches people from within our corporate headquarters with local arts organizations that are looking to partner with talented business professionals to improve their organizations' performance. Elkay employees are paired with similar professionals from other leading businesses in the Chicago area, which grows their network and business acumen even as they are helping in the arts community. Projects can stretch from 4 to 12 weeks and run the gamut, from developing a new website to orchestrating a board retreat and helping establish more effective branding and fundraising systems for the organizations.



**ELKAYcares**  
*Through volunteering*





ELKAY  
**FOUNTAINS  
 FOR YOUTH**  
 GROWING HEALTHIER, HAPPIER KIDS



See why clean water matters at [elkay.com/FountainsForYouth](http://elkay.com/FountainsForYouth)

## Elkay Introduces Fountains For Youth

Our children deserve clean water, especially in the places where they're learning and growing every day. That's why Elkay created our Fountains for Youth program to provide fresh, filtered drinking water to schools in need — and teach children and their parents about healthy hydration habits for life.

Let's face it — water purity issues are not just isolated to Flint, Michigan. Students across the U.S. risk exposure to lead, copper and other toxins in their water. Last year, an estimated 13 million American children went to schools where officials found elevated levels of lead. Unfortunately, not every school district understands the risks, while others are not in a financial position to make the capital investment necessary to improve water quality in their schools.

**We're investing in public awareness for parents, teachers, school administrators and students and donating bottle fillers to schools in underserved communities.**

Through the Fountains for Youth campaign, Elkay educates parents and school

administrators on our commitment to providing ezH2O® bottle filling stations to schools in need, and in turn, providing students and teachers with access to cleaner, healthier water. To spark engagement and drive greater understanding about the importance of water purity, healthy hydration and Elkay's efforts to provide fresh filtered drinking water in at-risk communities, we developed an educational public service campaign targeting parents, teachers, school administrators and students. A dedicated landing page explained the most dangerous water quality issues that are playing out in our schools and helps stakeholders understand the important role of filtration in eliminating these water quality risks. A comprehensive public awareness campaign drove traffic to this landing page through paid social, direct display and earned media efforts to spark action in three key markets: Chicago, Dallas and Boston.

Elkay kicked off the Fountains for Youth pilot program in 2019 by donating 81 ezH2O bottle filling stations to 66 schools across the nation, to put cleaner, healthier water within reach. The program received 3,149 submissions,

which underwent an extensive needs-based assessment. Every submission was reviewed manually and schools were scored based on several criteria including lead scores from official lead reports (these were provided by the submitter), additional water quality issues (water color, smell, etc.) and the ages of students attending the schools (high levels of lead have a greater impact on brain development in younger children).

- Schools with the highest scores received free units.
- Schools with any levels of lead qualified for a discounted unit.
- Schools that submitted but did not note issues of water quality or lead in the water did not qualify.

**With the learnings gained through the pilot program, Elkay plans to roll the program out nationwide beginning in 2021.**

## Elkay Launches New Community Engagement Recognition Program Sternberg Philanthropy Award

Elkay has always been — and continues to be — made successful through our people. Throughout our 100-year history, we've seen many employees who've impacted the company through their leadership and innovative ideas.

### Paul Sternberg was one of these people.



A patriarch of one of Elkay's original founding families, Paul was instrumental in Elkay's success, having served Elkay for 64 years, working his way up from entry-level errand boy and ending his illustrious career as Chairman of the Board.

Paul was also key to Elkay's deep commitment to giving back to the community. Although many people who work at Elkay today may not be aware of it, Paul's passion and generosity led to Elkay's early health care innovations, such as washing stations, to help hospitalized GIs returning from WWII, and specialized baths to aid people affected by polio, a disease that was extremely close to Paul's heart.

As a nod to this generous spirit, during the summer of 2018, Elkay launched the **Sternberg Philanthropy Award**, which is awarded each year to any Elkay employee, rep, Katz and Sternberg family member or their children. The award shines a light on those members of the extended Elkay "family" who reflect Paul's passion for good works around their community, working with causes of which they care deeply.

To qualify, recipients must be an Elkay employee or a member of the extended Elkay family, and must have donated their time in a way that has greatly impacted a noteworthy cause.

In recognition of their good works, recipients receive an award and a donation to their charity from Elkay. Donations in 2018 and 2019 were \$1,000. Beginning in 2020, the company began awarding \$5,000 donations for adult winners, and \$1,000 for junior winners.

### Our 2018 winner was a member of the founding family.



We found it fitting that the first award recipient was Quinn Graves, Paul's great-grandson, a young man who shares his great-grandfather's passion for helping others in need. Quinn (now 16), who resides in Texas with his family, began working with his friends nine years ago to establish a small program called Jingle Bell Mistletoe. By 2018, that once small program has grown into an official 501(c)3 charity that aimed at ending hunger in the northern Texas region. Together with his friends, Quinn sells mistletoe decorations for a few days near Christmas, collecting money for a local food bank. In 2017, Quinn and his friends raised over \$60,000 to help end hunger during a week-long run. Proceeds from their annual campaign benefit the North Texas Food Bank. Visit [kissandtella.com](http://kissandtella.com) to learn more about Quinn and company's efforts and to support the cause.



### Our 2019 winner



Elkay is equally proud of our 2019 winner, Wendy Carlson, spouse of Jim Carlson (Elkay Interior Systems). Wendy has been committed to the Fight Against Breast Cancer and supports the Susan G. Komen Breast Cancer Foundation. Over a period of many years, Wendy has shown remarkable and inspiring leadership. In 2018, she dedicated approximately 500 hours to volunteering and raised roughly \$20,000 for the cause over that same 12-month period.

Wendy received an award and a check for \$1,000 for the Komen Breast Cancer Foundation.

### HOW TO QUALIFY FOR THE STERNBERG AWARD

Recipients of the Sternberg Philanthropy Award must meet these criteria:

- They are employees, reps or children or members of Elkay's founding family.
- They have donated significant personal time, talent or treasure to help their community.
- Their efforts have made a significant impact to the non-profit they have assisted.
- They have been nominated or have completed the nomination/application form themselves.

## 2018-19 ELKAYcares Campaign Results

Over the course of 2018 and 2019, Elkay employees donated **\$250,796.10**. When combined with the company's newly established dollar-for-dollar match (which was previously capped at \$100,000), this amounted to **\$501,592.20** for non-profits serving our communities.

**During the 2018-19 period, the ELKAYcares campaign benefited the following charities:**

### **ASPCA — Elkay donated \$60,918.32**

Advocating and assisting animals in need, including rescue for homeless animals, rehabilitation, spay, and neutering, combating dog fighting rings and animal hoarding. Visit [www.aspc.org](http://www.aspc.org).

### **A Giving Heart Foundation —**

#### **Elkay donated \$12,611.92**

Giving childhood to the 1 in 100 children born with congenital heart disease. Visit [www.aghf.org](http://www.aghf.org).

### **American Heart Association —**

#### **Elkay donated \$48,319.72**

Promoting heart health through education, medical research grants and public advocacy.

### **Arbor Day Foundation —**

#### **Elkay donated \$5,770**

Replanting and protecting our nation's forests. Visit [www.arborday.org](http://www.arborday.org).

### **Cancer Research Institute —**

#### **Elkay donated \$73,814**

Providing cancer research grants to medical researchers around the nation. Visit [www.cancerresearch.org](http://www.cancerresearch.org).

### **Community Health Charities —**

#### **Elkay donated \$180,409.02**

An umbrella organization whose members include some of the leading national health charities, enabling our employees to choose from more than 65 different charities that support the health issues they care about most. Visit [www.healthcharities.org](http://www.healthcharities.org).

### **Elkay Family Foundation —**

#### **Elkay donated \$175,466.61**

Helps Elkay employees survive and thrive in their hour of need and build the workforce of the future. Visit [www.elkayfamilyfoundation.org](http://www.elkayfamilyfoundation.org).

### **Habitat for Humanity —**

#### **Elkay donated \$27,554.66**

There are nearly two billion people around the world who live in slum housing and more than 100 million are homeless. Habitat helps by building or renovating simple, decent houses in partnership with those in need. Visit [www.habitat.org](http://www.habitat.org).

### **Living Lands and Waters —**

#### **Elkay donated \$35,128**

Protecting our nation's waterways by removing waste, planting trees to protect against erosion and helping to educate the public about the threats to these vital ecosystems. Visit [www.livinglandsandwaters.org](http://www.livinglandsandwaters.org).

### **Operation Homefront —**

#### **Elkay donated \$44,424.48**

Providing our nation's veterans and their families with the support they need when they return to the home front. Visit [www.operationhomefront.org](http://www.operationhomefront.org).

### **Splash.org — Elkay donated \$13,902**

Splash is a social justice organization committed to the poor, an international development agency disciplined around urban economies, a social enterprise dedicated to putting themselves out of business, and a safe water company focused on children. Put this odd combination together and exciting things are happening. Visit [www.splash.org](http://www.splash.org).

### **United Way —**

#### **Elkay donated \$11,352**

United Way works to resolve pressing issues through partnerships with schools, government agencies, businesses, organized labor, financial institutions, community development corporations, voluntary and neighborhood associations and faith communities focusing on education, income, and health in at-risk communities. Visit [www.liveunited.org](http://www.liveunited.org).

A family forms a new foundation.

**ELKAY® family**  
FOUNDATION

#### Helping Elkay families



**rebuild their lives when disaster strikes ... and build a better tomorrow.**

In 2016, Hurricane Matthew flooding hit Lumberton, NC, shutting down our operations and displacing many of our workers. Elkay rushed in to help our workers, paying their wages and spending over \$500,000 to help rebuild their homes and replace their damaged property, despite the business being closed.

In September 2018, Hurricane Florence tore through the area, creating a repeat performance. To respond to Florence, Elkay again paid wages to help our impacted workers.

To help with property damage this time, Elkay's founding family, the descendants of Leopold Katz, established a new non-profit, **The Elkay Family Foundation**, with a mission to help Elkay employees survive and thrive in their hour of need. **The Foundation's focus is to:**

- Serve members of the extended Elkay family by helping in the recovery of those who have been impacted by natural disasters.
- Attract and prepare the workforce of the future through educational scholarships.
- Support vocational training programs in the communities in which Elkay operates.
- Build pride for our neighborhoods in grants to support affordable housing.

In response to Hurricane Florence, the Foundation gathered applications from impacted employees. It paid out over a quarter-million dollars to cover employees' disaster recovery expenses that were not otherwise covered by insurance or FEMA.

"The family feels very strongly about the welfare of our employees. We have always held dearly the company value 'Our Strength Is in Our People'. We view our employees as an extension of our family," stated Laura Gicela, Secretary/Treasurer of the Foundation. "We were proud to be in a position to help these employees when they needed it most."

"In the future, we want to use Foundation dollars to provide scholarships, as well as disaster recovery for our employees."

Because  
**ELKAY** cares ...  
about ethics and values.

“Our word is our bond.”

“Making a profit is an honorable endeavor.”

These values lie at the heart of our culture. They were crafted many years ago by thoughtful leaders deeply committed to doing the right thing. Today, they remain the cornerstone of the business — an enterprise capable of **“being in business forever.”**

Employees review and acknowledge our **code of conduct** on a regular basis. Acknowledging the code, we commit to

doing business in compliance with all legal requirements and the highest possible standards of integrity and ethical conduct. Employees are given insights and an ethical framework to make informed decisions.

Elkay’s code of conduct naturally leads to best business practices that govern how Elkay manages complex issues in the countries where we do business.



## Because **ELKAY** cares ... about our planet.

Elkay's mission — inspiring a better tomorrow — drives us to actively take steps to improve our impact. We are committed to compliance with all environmental and product safety regulations, which provide Elkay with a method to ensure our products and processes minimize harm. Through our product sustainability roadmap and other internal initiatives, we have begun to set our own thresholds for product and process sustainability. These initiatives will allow Elkay to benchmark and assess our progress toward a more equitable, healthy and sustainable world.

**We pride ourselves in our clean operations that stay within the regulatory standards wherever we operate.**

### **Products That Protect Our Planet**

Products like Elkay's ezH2O bottle filling stations help reduce the number of plastic water bottles that go into landfills. Every ezH2O bottle filler installed in a school, gym, park or public building has an exponential impact on our planet, eliminating thousands of plastic water bottles from the waste stream.

Since their inception, by our calculations, Elkay's water bottle filling stations have saved over 27 billion bottles from winding up in landfills. Based on our current install base and average consumption data, our bottle fillers saved 10,685,170 single-use bottles from going into landfills over the course of the 2018-2019 reporting period.



### **Green Office Practices**

Elkay relocated our headquarters in 2018-2019. Our plumbing business moved in 2018 and was followed by our corporate functions in 2019.

We have installed water bottle filling stations and Smartwell® beverage dispensers in our office and plant facilities to help our employees maintain healthy hydration levels and reduce consumption of single-use plastic bottles.

We have issued everyone in the building a reusable insulated coffee cup and have stocked our breakrooms with the same. Our goal was to eliminate the use of single-use coffee cups and plastic bottles.

Elkay leverages Keurig's "Grounds to Grow on" to ensure that the waste materials from our office coffee consumption are disposed of in a responsible, sustainable fashion.

## Preventing Pollution/Minimizing Environmental Impact

We strive to improve operations and lessen our environmental impact, embracing new methods to eliminate and reduce emissions while minimizing waste and operating costs.

### Sustainable Sourcing

Since the divestiture of the cabinet business, Elkay's most heavily used production material is stainless steel.

Stainless steel, a readily recyclable material, allows Elkay products to maintain a high level of recycled content and improved end-of-life disposal options. Many Elkay products also rely on plastic components. As such, we are assessing these components for improved sustainability attributes, such as recycled content, ease of sustainable disposal (recycling, remanufacturing), durability and material health.

### Sustainable Use and Disposal of Manufacturing Waste

Manufacturing operations create waste. While Elkay is no exception, we're committed to eliminating waste at the source and finding creative ways to ensure operating

byproducts do not wind up in landfills. Raw materials not fully utilized in manufacturing are recycled. Finished goods not deemed suitable for shipment to customers due to minor blemishes in the finishes, etc. are donated to local charities. Equipment at the end of its lifecycle is sold to local dealers to be refurbished, repurposed or recycled.

### Health Product Declarations (HPDs)

To keep pace with the increasing emphasis placed on material transparency and health by our customers and the A&E community, Elkay has leveraged the Open Standard put forth by the Health Product Declaration Collaborative® to improve the material transparency of Elkay products. The Open Standard outlines how to create HPDs, which are documents that detail all materials within a product, down to specified threshold, typically 1,000 or 100 ppm of its total mass, somewhat like a food product's nutritional label. HPDs also provide hazard information for each substance contained in the product, which will assist Elkay in assessing and improving the material health and sustainability of our products.

HPDs assist architects, contractors and customers during building and renovation projects that have a goal of being sustainable. Buildings are commonly evaluated on their sustainability by rating systems such as the U.S. Green Building Council LEED® rating system or the International Living Future Institute™ Living Building Challenge (LBC). These organizations serve to evaluate environmental, social and economic impacts of the built environment and encourage transformation toward a more sustainability-driven, transparent marketplace. HPDs are recognized by these organizations as indicators of material health and transparency and may contribute to certification. Beyond sustainable building certification, HPDs will allow Elkay to continuously improve the health and safety of the materials we source for our product lines. In the future, Elkay may couple information in Health Product Declarations with Life Cycle Assessments to more completely understand the human health and environmental impacts of the products we create.

## Plumbing Business Sustainability Roadmap

To guide our efforts in sustainability, we developed a product sustainability roadmap. The roadmap leads with vision statements — what we aspire to accomplish through integrated, intentional actions across functional groups. These visions create space for impactful projects and innovative processes at Elkay. We encourage all employees to discover how to leverage their talents, skills and passions to create positive impacts in areas they are interested. Cross-functional collaboration, partnerships (internal and external) and innovative thought are essential in driving a sustainable future for Elkay, the environment and the communities we serve.

### Our Responsibility

Vision: Continuously reduce Elkay's environmental impact to approach a net zero footprint while strengthening our relationships and investments in the communities we serve.

### Employee Empowerment

Vision: Empower employees to develop and execute initiatives that embody our purpose and inspire change for a more equitable, sustainable built environment.

### Product Stewardship

Vision: Design and manufacture reliable, safe and purpose-driven products that use responsibly sourced materials and minimize waste.

### Product Transparency

Vision: Continuously evaluate and evolve Elkay's material choices while working to eliminate hazardous substances and optimize products for a healthier planet.

# Because **ELKAY** cares ... about the future.

“We are in business forever” is considered by some to be the most important of Elkay’s values. It serves as a litmus test for new strategies, policies and practices. Will pursuing this idea help Elkay achieve our vision of being in business forever? If the answer is no, more often than not,

the proposed direction is not pursued. This value requires Elkay’s leaders to take planning for the long-term very seriously. Whether adjusting our business strategies and structure to align with our mission and vision, ensuring that our culture empowers our people, inspiring innovative and problem-

solving to take us in the direction we need to go, or putting board members and succession plans in place to ensure our longevity, stability and well-being, the company values, vision and mission are never out of sight.

## Learning Opportunities to Develop and Grow Our People

Because we believe that our strength is in our people, Elkay invests generously in employee development, which we believe is key to our future success. Elkay offers employees at all levels learning programs to develop their professional skills and expand their career opportunities.

- Leadership development programs
- Tuition/educational assistance
- Workshops and seminars led by top-tier development partners
- Access to LinkedIn Learning
- Company-funded seminars and trade events
- Participation in peer-to-peer learning cohort groups

### INVESTMENTS IN DEVELOPING OUR PEOPLE

38%

Training and development 4-year growth

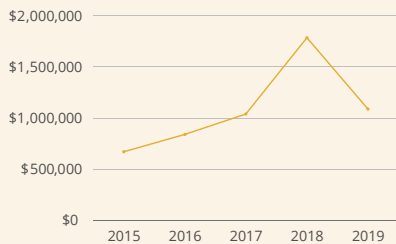
58%

Education assistance 4-year growth

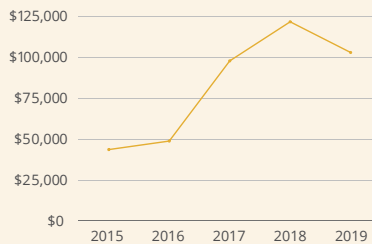
48%

Average growth in manufacturing training investment\*

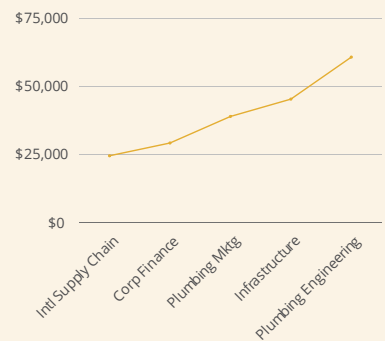
Training and development spend



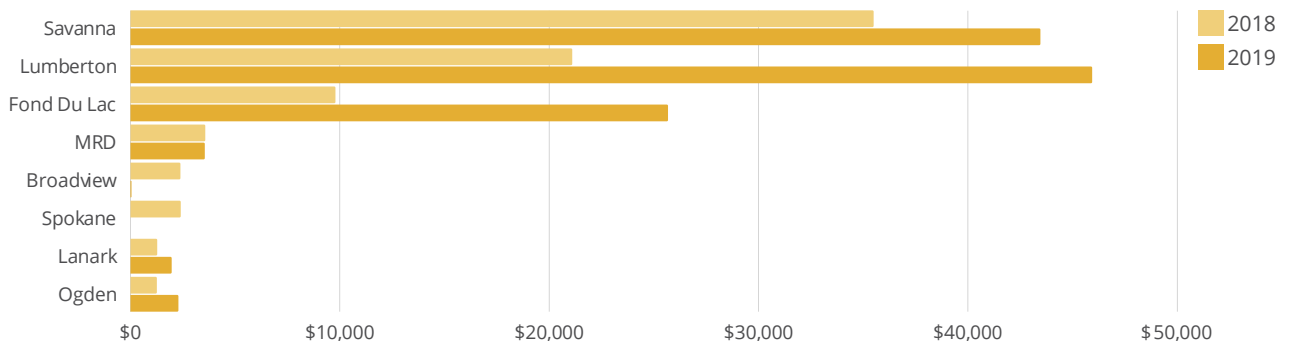
Education assistance spend



2019 top talent investors



Manufacturing training spend



\*Investments significantly higher at larger plants



## Impact Targets



## Elkay Impact Targets

In the next two years, Elkay will be dedicating our time and resources to the four key metrics below:

### Analyzing and Reducing Greenhouse Gases

Metrics 302-1, 305-1, 305-2, 303-3

Elkay completed a preliminary Greenhouse Gas inventory in early 2020, inventorying Scope 1 emissions (direct emissions from operations, e.g. natural gas, air conditioning, refrigeration, purchased gases) and Scope 2 emissions (indirect emissions from purchased energy, e.g. electricity) from 2018 and 2019. During this reporting period, Elkay underwent various organizational changes that impacted our ability to create a reliable baseline year. As such, in 2021, Elkay will be inventorying and analyzing greenhouse gas emissions across the current organization to establish a reliable baseline. Then, we will begin laying out a strategy that will ready Elkay for establishing science-based targets by 2024. Elkay is making changes to our energy and water use, improving the efficiency of facilities and assessing how we can innovate our manufacturing practices to be less wasteful.

### Improving Product Transparency

Metrics 416-1, 417-1

A pillar of Elkay's sustainability strategy is to achieve product transparency across the organization. In 2018, Elkay began offering Health Product Declarations (HDPs) on select products to provide our user community insight into the materials they interact with each day. This initiative has allowed Elkay to take a key step toward product stewardship. We are committed to improving transparency in our products and are looking to achieve 80% product coverage with Health Product Declarations, or similar product sustainability documentation, within the plumbing organization by 2026. Over the next two years, the plumbing organization will increase collaboration with EIS to begin offering transparency documents on key products by 2024. We plan to utilize the information in these transparency documents to optimize our products for human health and environmental impacts.

### Protecting and Improving Safety and Health of Employees Within Our Supply Chain

Metrics 408-1, 409-1, 412-3, 414-1, 414-2

Elkay's plumbing organization expects our suppliers to operate with respect to their employees, community and environment. In 2018, Elkay re-affirmed 49.1% of plumbing suppliers' commitment to the code of conduct in our biannual review; this represented approximately 80% of plumbing expenditures. The code of conduct works to protect employee safety, protect children and adults from forced or compulsory labor and ensures our suppliers are engaging in fair employment practices.

Over the next two years, Elkay will be expanding the content of this code of conduct and ensure it is integrated into the culture of each Elkay business organization, including EIS and MR Direct, resulting in coverage of 90% of Elkay purchasing dollars.

### Diversity, Equity and Inclusion — Improving Diversity of Candidate Pool

Metric 405-1

Elkay is committed to increasing the diverse\* representation of our candidate pool for staffing our professional positions. We are currently pursuing the following improvements:

- Increase the percentage of diverse candidates presented to our hiring managers for professional positions in office locations to 25%.
- Increase the percentage of diverse hires for professional positions in office locations to 25%.

We will monitor and evaluate our organizational performance data to determine specific continuous improvement opportunities as we go forward.

*\*For both of these targets, we've chosen to define diversity according to ethnicity, based on where we are at presently in our journey. It should be noted that we are also seeking to increase non-male representation. Both metrics are being tracked concurrently.*



## Organizational Profile

**Official Name of Organization**

Elkay Manufacturing Company

**Elkay's Primary Brands, Products and Services**

Elkay offers a wide variety of products that meet the needs of a diverse set of global customers.

**Products sold domestically**

In the United States, Elkay sells and manufactures sinks, faucets and related accessories, commercial food service and hospitality products, custom branded interiors for

schools, quick-serve restaurants and hospitality environments, in addition to water delivery products such as drinking fountains, water coolers, chillers, bottle filling stations and custom beverage dispensers.

**Elkay's domestic sink, faucet and accessory brands**

Elkay	Sir Faucet
Dayton	Aurora
Revere	Polaris Sinks
MR Direct	Solera Sinks

**Elkay's domestic commercial interior and foodservice brands**

Elkay Interior Systems  
 Digney York Associates  
 Elkay Architectural Millwork  
 Elkay Commercial Systems  
 Elkay Foodservice Products

**Elkay's domestic water delivery brands**

Elkay  
 Halsey Taylor  
 Smartwell

**Products sold internationally**

Elkay branded sinks and water delivery systems are manufactured in the U.S. and sold domestically, as well as internationally. Our coolers are built in the U.S. of foreign and domestic parts and marketed both domestically and internationally. Our filtration systems are manufactured internationally and sold both domestically and internationally. Through strategic partnerships we also offer additional products for U.S. and international markets.

Our international businesses include Elkay China (selling sinks and filtration systems in China and other Asia Pacific countries); Elkay Interior Systems, Asia; Elkay Interior Systems Latin America; Schloffer, GmbH in Austria, (providing turnkey design and build of branded interiors for restaurants and hospitality clients in their respective regions); and EB Técnica (selling sinks and appliances throughout Mexico and Latin America).

### Location of Elkay's Headquarters

102-3

Elkay's headquarters is located at:

#### **Elkay Manufacturing Company**

1333 Butterfield Road, Suite 200  
Downers Grove, IL 60515  
United States of America

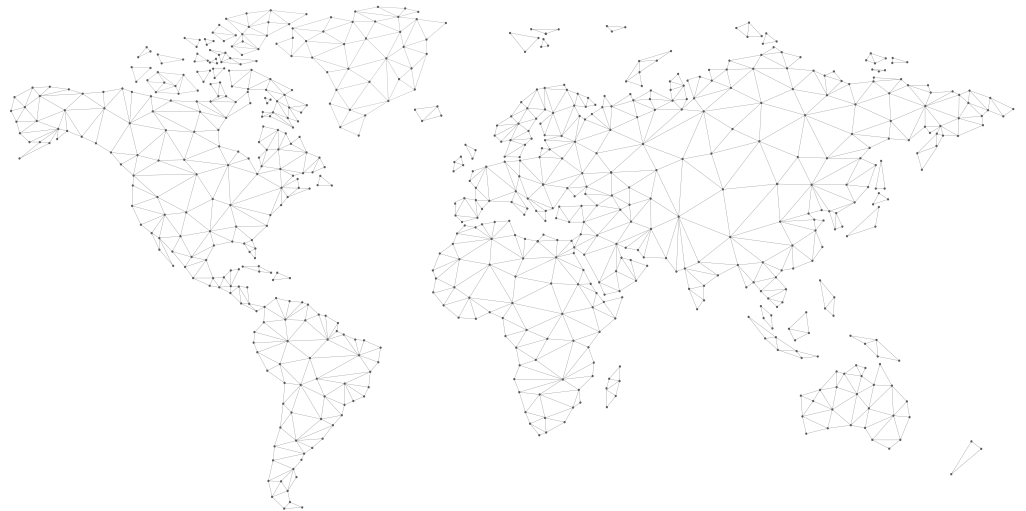


### Countries Where Elkay Conducts Business

102-4

Elkay has major operating facilities in the United States, Mexico, Hong Kong, Austria and China.

Elkay also conducts business in Canada, England, Brazil, United Arab Emirates and Singapore, and sells products in many other countries around the globe.



## Elkay's Ownership

102-5

Elkay is privately owned and professionally managed.

The company manages global business operations through the following legal business entities:

**Elkay Sales Inc.** (sales entity)

**Elkay Plumbing Products Company** (plumbing product manufacturing)

**Elkay Ohio Plumbing Products Company** [dba MR Direct] (e-commerce sink business)

**Elkay Interior Systems, Inc.** (commercial interiors)

**Schloffer, GmbH** (commercial interiors)

**Digney York Associates** (commercial interiors)

The company also operates wholly-owned subsidiaries in China and Mexico:

**Elkay Asia, Inc.**

**Elkay Interior Systems Asia, Ltd.**

**Elkay Corporate Management Consulting Company, Ltd.**

**Elkay Asia Pacific Sales Pte. Ltd.**

**Elkay Canada Sales, Inc.**

**Elkay Middle East Sales**

**Elkay Mexico, Ltd.**

**Elkay Interior Systems, Latin America S.A. de C.V.**

**E.B. Técnica Mexicana S.A. de C.V.**

**E.B. Técnica de El Salvador S.A. de C.V.**

**E.B. Técnica de Guatemala S.A.**

**Inmobiliaria Vertemi S.A. de C.V.**

**Grupo Bernox S.A. de C.V.**

**Vinca S.A. de C.V.**

**Bermes S.A. de C.V.**



102-6

### Markets Served by Elkay

In the United States, Elkay's plumbing products business (coolers, drinking fountains, water delivery systems, bottle fillers, sinks and faucets) goes to market through the traditional plumbing industry distribution channel, as well as home centers and internet retailers for the contractor, fabricator and do-it-yourself market segments.

MR Direct sells directly to consumers through their e-commerce platform as well as through online retailers.

Digney York Associates, Elkay Interior Systems and Schloffer, GmbH sell directly to their fast casual and hospitality customers, both domestically and internationally.

Elkay's commercial products business (including sinks, foodservice fixtures and commercial water delivery devices) is sold directly into the foodservice industry and into commercial environments, such as restaurants, hotels and retail facilities.



102-7

### Elkay's Company Scale

As of the time of this publication, Elkay has 1,463 employees in the United States and 897 international employees, with 13 operating facilities in the U.S. and two central office locations (including our headquarters in Downers Grove, Ill., and our Milwaukee, Wis. office where Elkay Interior Systems is based).



In Mexico, Elkay has one manufacturing plant supporting the E.B. Técnica business. E.B. Técnica employs 264 workers. Elkay also does business as Elkay Interior Systems, LATAM, which maintains one manufacturing facility and one business office supporting the commercial enterprise. Elkay Interior Systems, LATAM employs 423 people in Mexico.

In China, Elkay has four locations, including two in Shanghai (with 14 and 18 employees, respectively), and one each in Guangzhou (nine employees) and Zhuhai (81 employees), as well as 26 employees in Hong Kong.

In Austria, Elkay has two locations, employing 57 employees in total. The business also maintains an office in Cyprus that employs two people.

The company maintains offices in Dubai (two employees) and Singapore (one employee).

Elkay's combined revenues were \$659 million for 2018 and \$656 million U.S. dollars in 2019.

*\*Employment numbers shown are 2020 staffing levels.*

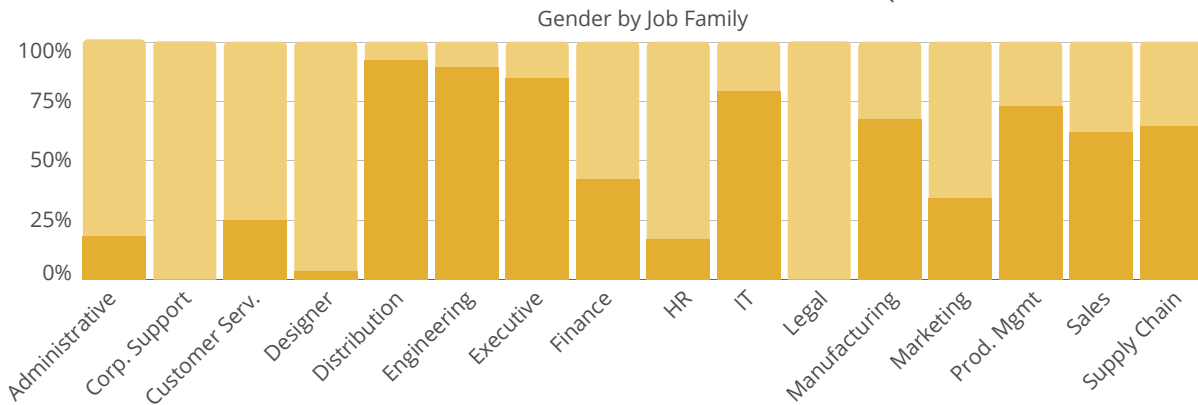
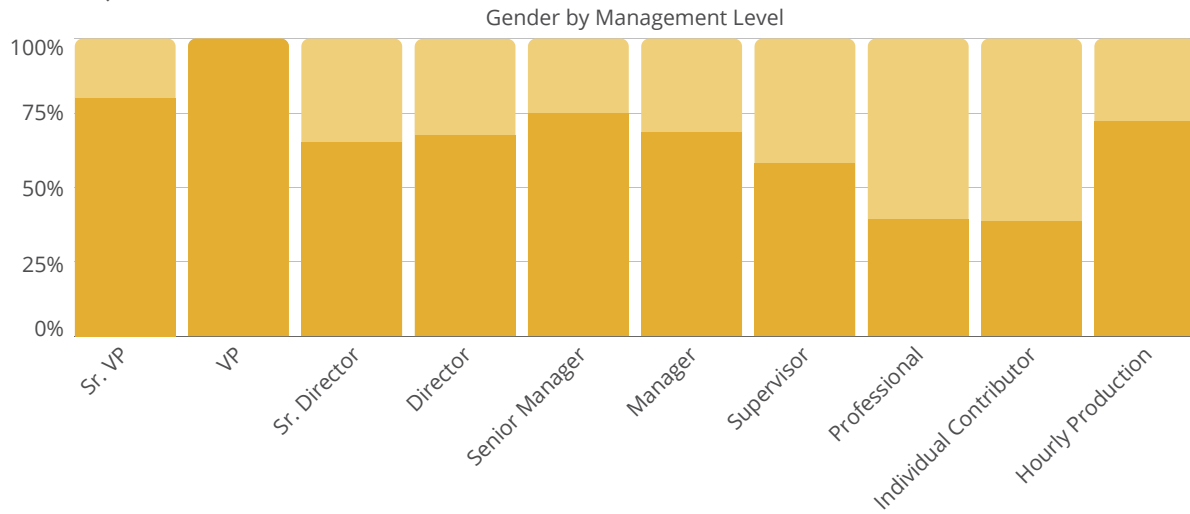
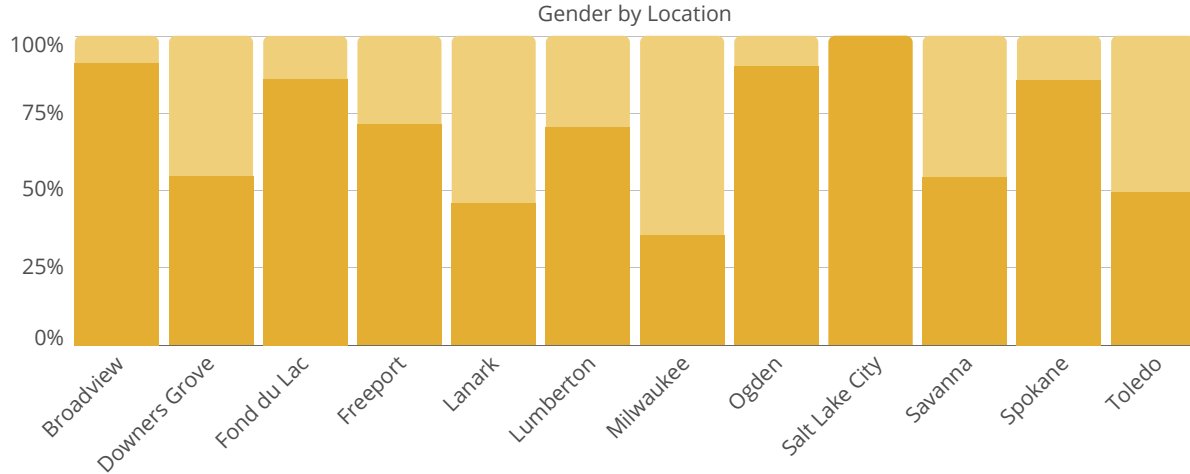
### Elkay's Workforce Analysis

102-8

As of the time of this publication, Elkay has 2,360 employees across all locations. Only our Broadview, Ill. location is unionized and employed under a formal employment contract. Elkay does not have a significant amount of work performed

by non-employees. While there is some seasonality to product sales and installations, there is not significant variability to our employment levels due to seasonality or any other cycle. Data was obtained from

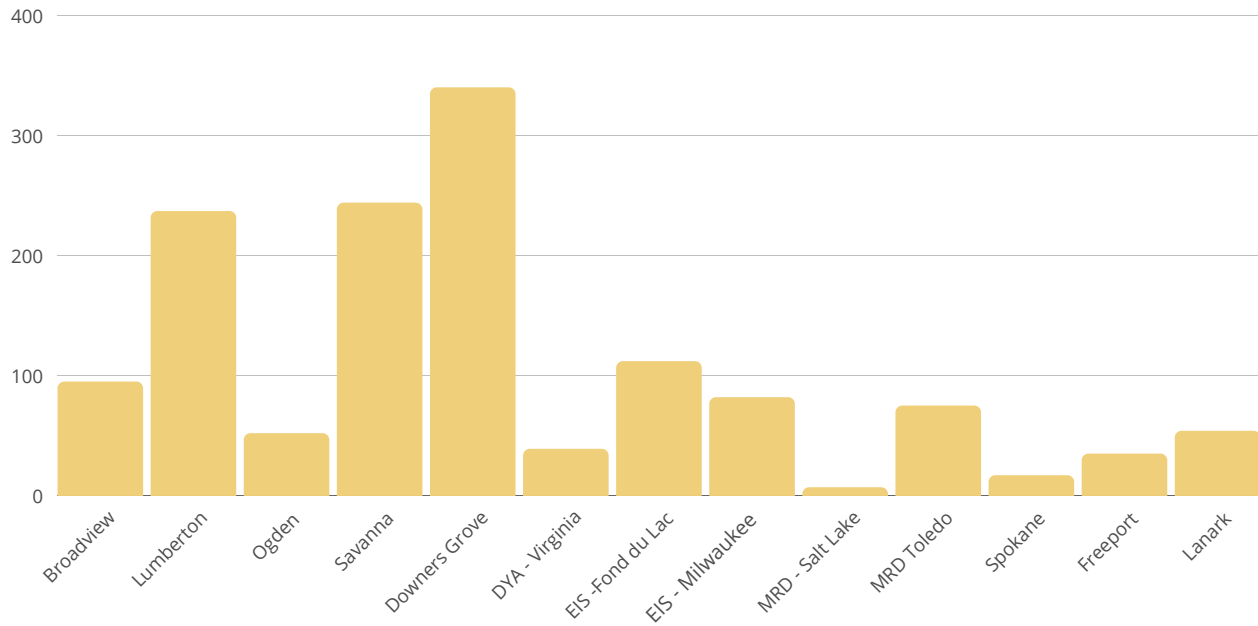
our Workday HRIS system — current data reflects only domestic operations. Beginning in December 2020, we will be able to obtain global data as this technology has now been deployed enterprise-wide.



Male Female

\*Because male/female gender statistics are required for government reporting and certain insurance documentation, Elkay tracks this data similarly to all other U.S.-based companies. In spring 2021, as part of our Diversity, Equity Inclusion (DEI) efforts, Elkay added "gender identity" to our applicant tracking system so that employees can state their preferred gender identity in a non-binary fashion in addition to the government-mandated gender designation required for reporting purposes.

Total Employees by Location (Domestic)



As a result of the data gathered for the 102-8 reporting exercise and at the recommendation of Elkay's newly created diversity and inclusion thought leadership team, Elkay is now actively tracking gender diversity in candidate slates and new hires, and has established targets for improving gender representation across all employee populations.

See Targets section, pg 17.





**Elkay's Supply Chain**

102-9

Elkay's primary product offerings include pressure water coolers, bottle fillers, commercial and residential sinks (stainless steel and composite) and accessories, stainless steel foodservice products, a variety of commercial- and residential-grade faucets, and commercial interiors for restaurants and hospitality establishments (including dining rooms, bars areas, lobbies and guest rooms).

Our products are sold to three primary market segments: residential (plumbing), commercial (foodservice, retail interiors and commercial plumbing) and e-commerce.

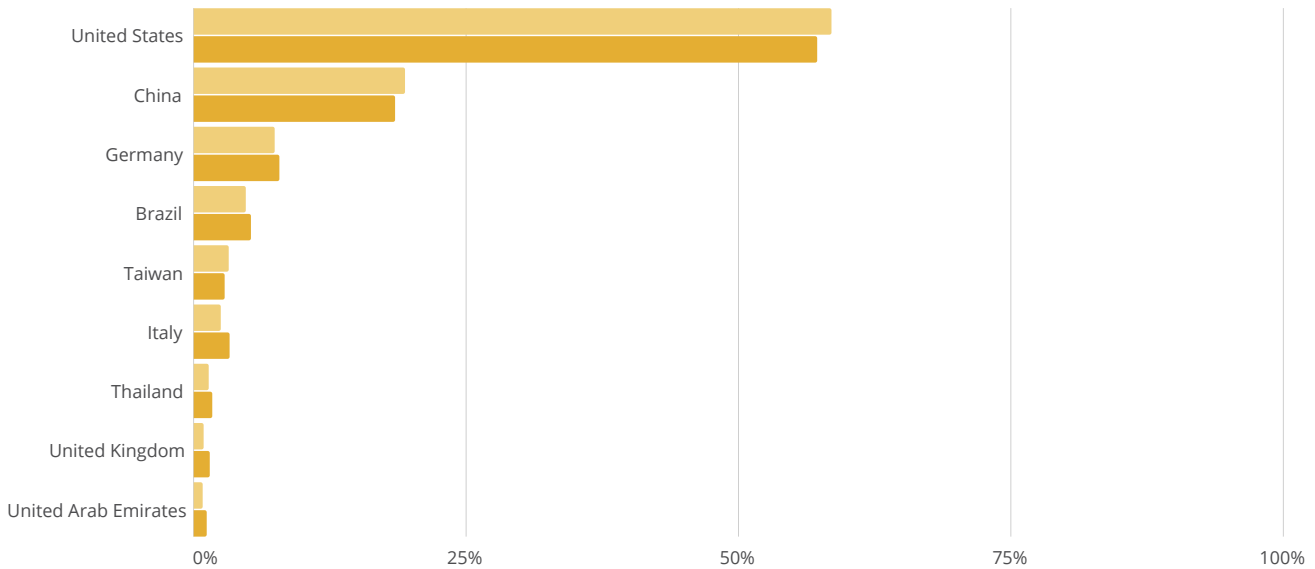
To produce these products for our plumbing and interior systems businesses in 2018 and 2019, Elkay purchased raw

materials and finished goods from an extensive list of sources from the U.S., China, Germany, Malaysia, Italy, Taiwan and other countries (see table below).

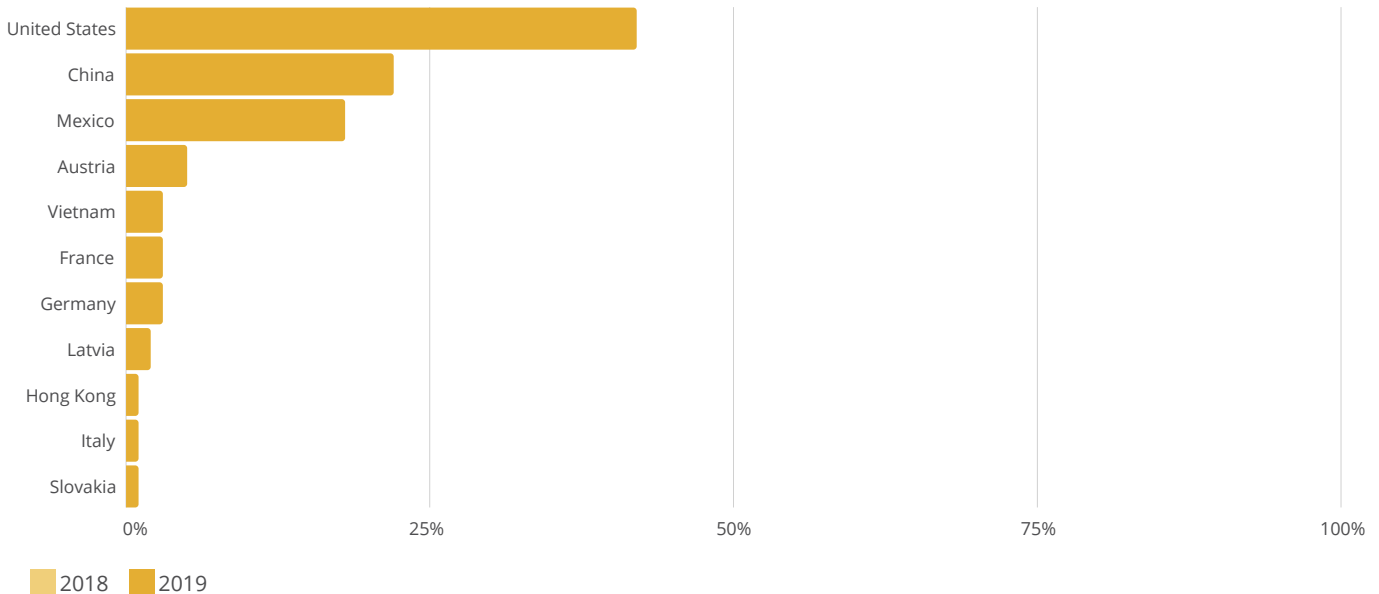
Stainless steel remains the single largest raw material Elkay consumed in manufacturing processes throughout 2018-2019.

**Raw Materials Country of Origin**

Elkay Plumbing Products Raw Materials by Country of Origin



Elkay Interior Systems Raw Materials by Country of Origin



2018 2019

*Note: The Elkay Interior Systems business did not track point of origin in 2018.*



### The Importance of Supplier Ethics

As mentioned in our previous report in 2017, Elkay updated and re-released its supplier handbook to all suppliers of the company's plumbing business. Elkay expects suppliers to comply with the guidelines set forth in this handbook, including the Supplier Code of Conduct, which all suppliers must acknowledge with their corresponding compliance signature.

The 2019 Supplier Code of Conduct states the following guidance regarding human rights, employee safety and environmental protection:

*Elkay's increasing global presence has resulted in growth in international sourcing. Elkay is committed to its values and ethics in its global operations and seeks to ensure that the products it sells, including all components of those products, are produced under conditions that respect workers' rights and our environment. While Elkay recognizes the complex issues faced in many developing countries, there are basic standards regarding workers' rights and protecting our environment that must be met by those seeking to do business with Elkay as a supplier. To ensure that the products and components that Elkay sells have been produced under conditions that respect worker rights and the environment, Elkay requires that suppliers*

*seeking to do business with us evidence their commitment to these basic standards.*

*Elkay will conduct a physical review of each new supplier to ensure that they meet our requirements with respect to applicable laws and working conditions, including laws against human trafficking and slavery. Specifically, Elkay will not knowingly enter into business relations with a supplier, subcontractor or business that:*

- *Directly or indirectly uses child labor*
- *Makes use of any type of forced or involuntary labor (including slavery or human trafficking)*
- *Subjects its employees to any form of abuse, physical discipline or physical or psychological mistreatment*
- *Does not comply with local laws regarding hours worked, overtime and days off*
- *Does not undertake to comply with local environmental laws*
- *Does not provide its employees with adequate safety and protective equipment*

*In addition to the process for selecting new suppliers, Elkay engages in verification of the practices of its existing supplier base through periodic audits to assess risks and*

*ensure compliance with laws and working conditions (noted above), including laws governing human trafficking and slavery.*

*Elkay will not knowingly work with suppliers that do not respect these standards and those of our customers. We will periodically assess the supplier's compliance with these standards. Any reported noncompliance will be investigated, and appropriate action will be taken. Elkay will attempt to work with supplier to remedy the violation. If the effort to remedy the violation is unsuccessful, Elkay will evaluate the business relationship and take appropriate corrective action. Corrective action may include several actions, including cancellation of a purchase order up to termination of the use of a facility or supplier. If a supplier refuses access of the facility to our auditors, the relationship with that supplier will be terminated.*

Elkay had been in the process of rolling this same policy/handbook out to the suppliers of their cabinet business prior to the sale of that organization. Since that time, the company has acquired multiple organizations (see page 30, section 102-10) and is currently in the process of rolling this handbook and these same performance standards out to the suppliers of these newly acquired entities.

## Elkay Interior Systems Asia's CSR Initiatives

### A Look into Some of Asia's Corporate Social Responsibility Initiatives

#### Social Compliance/Ethical Sourcing

Elkay customer, Starbucks, takes a comprehensive approach to ethical sourcing, including meeting economic, social and environmental standards. It takes great care in how and where the products for Starbucks are manufactured and is committed to sourcing from suppliers who align with Starbucks' values of social and environmental responsibility. From the merchandise on shelves to the furniture in stores, Starbucks cares about the way in which those products are made, and about the workers who make them. Elkay is pleased to meet the exacting standards that Starbucks holds for its supply chain.

#### Social Compliance/Supplier Workplace Accountability

McDonald's aspires to protect its brand and live its values. One way to live the value of continuous improvement is to ensure fair and ethical workplace standards in every corner of its supply chain. At a minimum, McDonald's requires all suppliers and their facilities meet the Supplier Workplace

Accountability (SWA) and promote the principles outlined in the code, which are intended to advance McDonald's commitment to sustainability. Elkay provides McDonald's with regular feedback regarding our own workplace accountability, and we are proud that our environment aligns with its stringent requirements.

#### Social Compliance/Charity Work

EIS Hong Kong is proud to have a long-term association with the Ronald McDonald House Charity in Hong Kong. Annually, the team shows support by participating and donating to the events organized by the RMHC Hong Kong:

- Red Packet Charity Sale
- Golf Tournament
- Raffle Ticket Charity Sale
- Moon Cake Charity Sale
- Gala Dinner and Auction



Each year, EIS donates more than U.S. \$2,000.

In addition to participating in these events, Executive Assistant, Maria Wong, is on the RMHC Golf Tournament committee. Each year, Maria volunteers 30 hours for this event.

Additionally, in the spirit of sustainability, Elkay Hong Kong did a successful cleanup on one of Hong Kong's many beaches not too long ago. This is just one small thing to show that we're working hard for a better environment and a healthy business for the next 100 years.

#### ELKAYcares/Corporate Social Initiatives

Various initiatives are in the process of being captured for all the different offices in Asia (for both commercial systems and interior systems) and Austria. At the time of this writing, we are currently developing a list of charities in Hong Kong and China that align with the four ELKAYcares pillars.



#### Healthy Living

We are committed to healthy living for our employees and their families, so we support organizations that focus on health conditions that affect us most.



#### Living Well

We give to our communities by supporting organizations that align with our business by offering shelter and fresh potable water to those who lack access to them, thus improving the quality of life to those in need.



#### Protecting Our Planet

Giving to our communities also means caring for the world we live in, and protecting the vital natural resources that our business depends upon.



#### Compassionate Care

When tragedy strikes anywhere in the world, it strikes a chord in the hearts of all. Elkay employees support communities in their hour of need.

## Elkay Welcomes Smartwell to the Elkay Family

It's always exciting to introduce a new family member to the mix! And in March 2018, Elkay brought Secor Water LLC into our water delivery family.

Until recently, Secor Water LLC was a Connecticut-based company producing the Smartwell water dispenser. Elkay featured the Smartwell water dispenser at this year's KBIS booth and has also installed a unit in our break room. The dispensers have proven to be immensely popular in both venues.

With its natural flavorings and enhancements, water from Smartwell is amazingly refreshing and a much healthier option than sugar-sweetened beverages. And, because it's designed to work with refillable bottles, Smartwell is a great sustainable sibling to Elkay's water bottle filling stations.



Users walk up to the touch screen-activated water delivery machine and press the screen to select either still or sparkling water and then one of several flavors (coconut is a favorite of this author). Finally, the user gets to choose between an assortment of drink enhancements (such as electrolytes or sweetener).

**Then voilà! A perfect combination of refreshment and fun, interactive and energizing!**

## Changes During the 2018-19 Reporting Period

### Divestitures

#### Elkay sells Mexico-based Quetzal consumer brand.

In Q2 of 2018, Elkay negotiated and closed on the sale of the Mexico-based Quetzal consumer brand. The sale included all consumer-centric operations, including retail operations. The company retained commercial operations, which support the U.S.-based Elkay Interior Systems. This business was rebranded as Elkay Interior Systems, LATAM, and was relocated to Atlacomulco, Mexico.

#### Elkay sells US-based cabinet division to competitor, acpi.

In Q1 of 2019, Elkay completed the sale of the cabinet division to cabinet powerhouse, acpi. The sale created one of the largest cabinet conglomerates in North America, enabling the business to achieve economies of scale that Elkay was unable to achieve while holding the operations separately. All employees were included in the transfer, significantly decreasing Elkay's staffing levels. Elkay continued to support the business for several months from an HR and accounting standpoint, as part of the sales agreement.

### Acquisitions

#### Elkay acquires Secor Water LLC (Smartwell).

In March 2018, Elkay acquired Secor Water LLC. Prior to the acquisition, Secor Water LLC was a Connecticut-based company producing the Smartwell beverage dispenser, which delivers customized, flavored still and sparkling water, with or without enhancements, such as electrolytes and caffeine, ordered to taste via an interactive screen. See previous page for more information.

#### Elkay acquires Asian seating and decor business from The Marketing Store.

In Q4 of 2018, Elkay negotiated and acquired the seating and decor business from The Marketing Store. The acquisition, which included offices and production facilities in Hong Kong and mainland China, provided the company's interior systems business to expand operations into the rapidly growing Asian market.

#### Elkay acquires Austrian-based Schloffer GmbH.

In Q4 of 2019, Elkay negotiated and acquired Schloffer GmbH and sister organization Designed 2 Work. The acquisition, which included offices and production capabilities in Austria, enabled the Elkay Interior Systems business to expand their operations to serve global customers who are actively expanding their brands into Europe.

### Supply Chain Changes

#### Project Compass unfolds to support plumbing business' domestic US distribution strategy.

The plumbing business has increasingly seen domestic U.S. sales come through leading internet sites. These online retailers offer their customers two-day delivery anywhere in the country. In most instances, the products are not purchased in advance and warehoused by the online retailer, so the onus for just-in-time delivery falls on the manufacturer.

In response to our business growth and these increased service demands, Elkay has spent a considerable amount of time and effort creating a plan to completely modernize our distribution centers. Over the next five years, Elkay will open six new facilities, including three located near existing manufacturing facilities and three in new "greenfield" locations, catering to currently underserved markets.

During the 2018-2019 reporting period, Elkay established new distribution centers in the following locations:

- Ringgold, Va. — transitioned cabinet facility to east coast distribution center June 2018.
- Salt Lake City, Utah — established distribution center for MR Direct in the western Midwest in October 2018.
- Freeport, Ill. — established midwestern distribution center in May 2019.

Three additional facilities are scheduled to open in the 2021-2022 time period.



## How Elkay Integrates the Precautionary Principle

During the timeframe of this report, Elkay does not have a formal policy as to how we incorporate the precautionary principle. As we continue to roll out strategies for sustainability, we plan to develop a companywide stance on the precautionary principle to ensure that not only will no undue harm stem from Elkay business activities, but that these activities have a positive impact on the communities and environment in which we operate. As a values-driven company with a deep commitment to being in business forever,

Elkay takes a conservative approach to managing risks associated with the use of our products to protect the public from any potential foreseeable harm.

One example of this approach would be the removal of sound-deadening spray from the bottom of our stainless steel sinks. Sound-deadening spray served to reduce the reverberation noise when something hard was dropped into a sink. To better address this problem, Elkay replaced the overall spray with noise-damping pads, which serve

the same purpose. This decision makes it easier for stainless steel sink materials to be recycled at the end of product life.

Another example is promoting the filtration capabilities of our water delivery products, and supporting the filters with educational materials such as white papers and specification sheets that help customers understand whether filtered products are a good fit for the water quality issues their institutions are facing.

## External Initiatives

As a U.S.-based manufacturer, there are a wide variety of social charters, principles, initiatives, regulations and laws that Elkay is required to comply with, including many that are related to the environment, workers and public safety, and labor. Elkay is proud

of our record for consistently meeting these requirements at all our facilities, and in most cases, far exceeding required standards through voluntary programs, such as our president's "safe workplace" initiative — a third party-audited workplace safety program

that extends across all our domestic and international operations. Each facility works to optimize their environmental and safety programs in ways that work within their specific plant needs and operating culture.

## Membership of Associations

Elkay maintains enterprise- and individual-level memberships in the following strategic industry trade associations, representing our own industry as well as several of our key customer industry segments:

United States Green Building Council (USGBC)

American Supply Association (ASA)

American Society of Mechanical Engineers (ASME)

Water Quality Association (WQA)  
— participation on Product Standards Committee

National Kitchen & Bath Association (NKBA)

Corporate Executive Board (CEB) —  
formerly Finance Leadership Exchange

Oak Brook (Ill.) Chamber of Commerce —  
general membership and board participation

American Society of Plumbing Engineers (ASPE)

American Association of Airport Executives (AAAE)

Association of College Unions International (ACUI)

American Resort Development Association (ARDA)

International Health Racquet & Sports Club Association (IHRSA)

Health Product Declaration Collaborative (HPDC)



## Key Impacts, Risks and Opportunities

As a company that believes in the power of conscious capitalism to bring about positive change in the world, Elkay actively monitors our key impacts and uses them as a mechanism for managing our business. Our goal is to have a significant

net positive impact on our stakeholders, communities and the planet, while actively working to manage risks and mitigate negative impacts from our operations.

Key Impacts	Opportunities	Challenges
<b>Economic Impact</b> Elkay must balance the needs of our various stakeholders as we offset costs (wages) and returns.		
Employee Incomes	Elkay takes responsibility for balancing the interests of our most important stakeholders by offering our employees competitive wages while managing costs to ensure our product pricing offers good value to customers and provides adequate profitability for our partners and a reasonable return for our shareholders.	Providing employees with competitive wages while managing costs to ensure a competitive, high value price for customers.
Value for Customers		Providing a price that is competitive and which covers the expenses from operations, including distribution and employee wages.
Partner Profitability		Price must not only take wages into consideration, but also a reasonable profit for our distribution partners.
Shareholder Returns		Our shareholders, who continue to invest in our company, have a right to expect to receive a reasonable return on their investments.
<b>Environmental Impact</b> Elkay must do what we can to minimize our negative environmental footprint while maximizing the positive impact our products have on the environment.		
Materials of Product Construction	Stainless steel is a highly recyclable material — we have an opportunity to create a cradle-to-cradle transaction for products made of this material.  Not all of our products are constructed of recyclable or biodegradable materials. We have an opportunity to increase this percentage across all our operations.	Constructing products out of recyclable materials can prove to be challenging in terms of preserving material attributes and keeping prices competitive. However, improving the levels of recycled content and material health of products can provide added value for our customers and improve our environmental and social impact.
Water Delivery Products	These products help ensure healthy hydration (which aids in maintaining proper weight and immunity among many other healthy body processes) wherever bottle fillers and Smartwells are installed.  They prevent millions of single-use plastic bottles from entering landfills.  They also reduce consumer exposure to lead and other impurities in drinking water.	Achieving circularity at scale proves challenging as the mechanism to collect, remanufacture, reuse or refurbish products at the end of life are still in development at Elkay. We are looking to explore innovative and creative solutions that allow our products to excel in a circular economy.



Key Impacts	Opportunities	Challenges
<b>Social Impact</b> Elkay takes a conscious approach to considering our impact on all stakeholders, including employees, customers, partners, communities and shareholders.		
Employee Safety	Elkay has pursued the company's president's "safe workplace" process for many years. We have programs in place at every plant location to ensure that our employees are safe and protected on the job. Local teams are trained to identify and report risks in the work environment — from individual actions being taken by their coworkers to equipment, plant and work area layout risks.	This process has proven difficult to maintain, with inconsistent levels of time, resources and effort invested at various locations across the company. We are currently looking at alternative approaches to establishing consistent safety performance across the company.
International Supplier Compliance	Elkay's plumbing business has established a handbook that includes an agreement for our international partners to sign, signifying that they agree to comply with international human rights, safety and environmental standards. When we first bring on a new plumbing supplier, they are asked to sign this agreement, and (provided they are going to be a significant, long-term provider) they are audited in person to ensure that they comply.	It can be challenging to audit all these businesses repeatedly over time.  Smaller, less frequent vendors are not audited due to cost constraints.  We have not yet rolled this agreement out across all our other businesses.
Community Impact	In some of our plant locations, Elkay is a significant employer. In these instances, providing reliable jobs that pay competitively is a major contribution to the community.  In addition to serving as an employer in the community, Elkay holds an annual giving campaign that enables employees to make donations deducted from their payroll each pay period. The company matches this donation and pays the select non-profits quarterly.  We also provide two paid volunteer days for employees at all locations.	Ensuring that all locations are engaged in the annual campaign by redirecting fundraising monies to the local chapters of recipient charities.  During busy times, it can also be challenging to ensure that all of our locations make it easy for employees to volunteer in their local communities, despite the availability of the program.
Employee Wellbeing	Elkay offers our employees robust, best-in-class health care options that enable our people to select the best program. The company invests in our employees' professional development through on-the-job training, development programs, workshops and training, and tuition reimbursement. We offer 401(k) and profit-sharing to help our employees build wealth for the future.	Not all employees elect to take full advantage of the development opportunities that are made available through the company.
Healthy Hydration	Elkay's water delivery products help promote healthy hydration in our public spaces and educational facilities. Healthy hydration not only helps people maintain a healthy BMI (body mass index), but it is essential to maintaining an adequate immune system. Our filters also help to remove environmental toxins, such as lead, from drinking water.	Through products like the ezH2O Liv, Elkay is working to bring the same reliable health and hydration benefits to the residential environment that we often recognize in commercial settings.

## Elkay's Code of Conduct

102-16

The company is also committed to conducting our businesses in compliance with legal requirements, high standards of integrity and ethical conduct. Each employee is expected to understand the laws that affect the business and to follow the code of conduct. The purpose of the code of conduct is to outline the standards of behavior expected of all employees (full-time, part-time and short-term) of Elkay Manufacturing Company, its subsidiaries and divisions. Elkay's uncompromising commitment to

moral, ethical and legal standards not only reflects the right thing to do but also helps the company attract and retain customers, suppliers and the best employees. It also reduces the risk of fines, legal liability and adverse public perceptions of the company, thus protecting shareholder value.

Adherence to the code of conduct is a condition of employment. Violation of the code is a serious matter, and violations can result in disciplinary action, up to and

including termination of employment. Employees who have questions about the company's code of conduct are encouraged to contact their local manager or HR representative, the chief human resources officer or the chief legal officer. They may also make use of the company's ethics hotline and website, both managed by an independent third-party organization to ensure that reports receive the level of attention they deserve with company leadership.



## Elkay Competencies

All Elkay employees are also expected to understand the company's cultural competencies and to actively work to demonstrate these in their day-to-day work activities. These competencies are part of the self-evaluation process for all professional staff within the company.

### Initiating and Managing Change:

Demonstrates a passion for innovation and for organizational changes needed to improve the business's effectiveness; empowers others to successfully embrace and manage organizational change. Has the ability to navigate and lead others through ambiguity and make impactful decisions.

**Business Acumen:** Understands relevant business strategies, industry competition

and trends, processes and policies. Demonstrates this understanding by aligning actions and decisions with the organization's goals, core functions, needs and values. Has the ability to identify and articulate long-range objectives and design and implement realistic plans to attain them.

**Customer Focus:** Considers, prioritizes and takes action on the needs of both internal and external customers. Is transparent when dealing with customers and places value on customer satisfaction and loyalty.

**Inspiring Others:** Possesses a combination of composure, interpersonal savvy and the ability to create an exciting and collaborative atmosphere that drives business performance. Communicates a

compelling and inspired vision, promotes the big picture and creates buy in from others. Models the Elkay values and mission.

**Results Driven:** Organizes and executes work to meet organizational goals and objectives while adhering to quality standards and organizational procedures. Demonstrates commitment and motivation to deliver results; pursues with energy, drive and a need to finish. Steadfastly pushes self and others for results.

**Self-awareness:** Can practically and objectively self-assess own strengths and development opportunities and works towards self-improvement; embraces feedback with professionalism. Has the ability to regulate emotions and think clearly.

## Mechanisms for Advice and Concerns About Ethics

102-17

Elkay Manufacturing is committed to maintaining ethical and responsible behavior at all levels of our organization. Our legal department is charged with providing Elkay employees around the globe and at all pay grades with ethics training, guidance and support and mechanisms for reporting ethical behavior concerns.

The ethics training that the company provides employees and leaders covers:

- Elkay's code of conduct
- Anti-corruption/anti-bribery
- Fair competition
- Speaking up and reporting concerns/retaliation

Employees who feel that they need support and advice about managing an ethical dilemma are urged to contact the legal department directly with their concerns.

To enable employees to report concerns on an anonymous basis, the legal team has also established an ethics hotline and

online reporting system administered by a third party (EthicsPoint). Employees can report their concerns by clicking a link made available through the company's intranet or by dialing a toll-free number.

Elkay has a strict non-retaliation policy. All reports made via the EthicsPoint hotline or other mechanisms (i.e., reports to managers, supervisors, HR staff or the legal department) are treated confidentially unless doing so hinders the company's ability to conduct a thorough investigation of the misconduct reported. The investigation process unfolds in the following manner:

- The complaint comes in via EthicsPoint hotline or through a manager, supervisor or HR representative.
- The issue is escalated to the legal department, applicable business or function leadership and HR.
- Confidential investigation procedures follow, including confidential interviews with the complainant, the individual who was alleged to have violated ethical or behavioral standards and

any witnesses to the alleged behavior. If appropriate, the investigation will be conducted by outside firms.

- Corrective actions are taken as warranted, including appropriate training, coaching and disciplinary action up to and including dismissal. Should the situation warrant, the incident is reported to the proper authorities.
- Employees involved in the reported incident are reminded of the company's anti-retaliation policy. Steps are taken to ensure that the complainant's identity is protected where possible and that possible retaliation is well-mitigated.
- Complainant is notified of the commencement of the investigation and the findings. He/she is provided with an opportunity throughout the investigative process and for a period of time thereafter to ask questions and provide additional information.
- If appropriate, information is placed in the applicable employee files for future reference.

## Governance Structure

102-18

Elkay is an international company with 16 manufacturing locations (including facilities in the U.S., China, Mexico and Europe), 5 dedicated distribution centers and 4 dedicated office locations (including our headquarters in Downers Grove, Ill).

Reporting to the board of directors is the company president/CEO. The CEO presides over the company's senior leadership team, including the leaders of the two divisions within the company and the leaders of the supporting corporate functions. Each of these leaders has their own leadership team reporting to them to drive decision

making and execution within the respective businesses and functions. Standing committees like the cross-functional corporate responsibility (CR) team and the diversity, equity and inclusion (DE&I) council have either dotted-line or direct-line reporting to members of the senior leadership team.

## Delegating Authority

102-19  
102-33  
102-34

Elkay's board of directors and senior leadership team meet regularly to address the relevant strategic-level issues and concerns that the company faces including economic, environmental and social issues, and they determine whether there are any emerging issues that could be considered critical in nature.

Elkay's board delegates execution against these issues to the senior leaders who,

in turn, work with subject matter experts within the business to devise and execute strategies for addressing them. The senior leaders report back to the board on progress against these key issues during quarterly board meetings.

There were no reportable critical issues monitored by Elkay's board of directors during the 2018-2019 reporting period.

## Highest Governing Body | Elkay's Board of Directors

Elkay's board of directors is comprised of seasoned business leaders from a variety of industries with a proven track record for leading successful, high-growth businesses. In addition to these professional leaders, Ron Katz, controlling shareholder, and third generation member of the company's founding family also sits on the board. The board is chaired by Timothy Jahnke, former President and CEO.

The board has three standing committees, each chaired by an independent director:

- Audit and Finance (which oversees financial and risk-related issues, including environmental and product responsibility)
- Compensation and Human Resources
- Governance and nominating committees

When members of the board exit their role for whatever reason, the Governance and Nominating Committee is charged with finding a replacement. The committee maintains documentation of the board's collective knowledge, strengths and qualifications, and the committee is charged with identifying any gaps that might present a risk to the company's strategic objectives. To fill new board openings, the committee engages a well-vetted third-party board recruiting firm to identify, vet and present potential members to fill the vacated role. Potential board members are screened for their qualifications including past performance and track record, as well as potential conflicts of interest. After top candidates are screened by the committee, they are also screened by the entire board, as well as key executives within the company. Feedback from this screening process is evaluated and new

board members are nominated and selected based on this information.

Selecting the right board members is critical to the company's continued success. While strategy, purpose and any recommended changes to the company values may originate with the company's senior leadership team, the board plays a key role in approving these critical strategic drivers.

On a regular basis, the board as well as each committee, conduct an assessment on their own performance. The board is charged with oversight of not only business results but also the success of the company's responsiveness to societal and competitive developments faced in the preceding year, including emerging social and sustainability issues that have bearing on the company and our key stakeholders.

## Managing Economic, Environmental and Social Impacts

The senior leadership team, reporting to the president and CEO, is ultimately responsible for managing the company's economic, environmental and social impacts. Economic impacts are managed through the leadership teams of the respective operating divisions, while many of the environmental and social impacts are managed by the functional teams that support these businesses. Economic, environmental and social impacts are tracked and reported on by a cross-functional corporate responsibility team. This team, which includes the leader of the newly formed diversity, equity and inclusion council, working in conjunction with their respective functional leaders, make recommendations with respect to environmental and social targets that the business should pursue (see page 17 of this report).

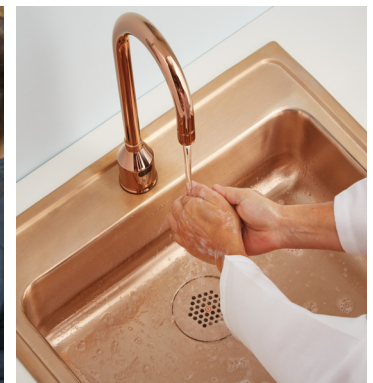
The leaders of the team who focus on environmental and social targets are not considered executive level, but they do report directly to members of the senior leadership team. Participation on the corporate responsibility (CR) team and the diversity, equity and inclusion council is voluntary, and for the current reporting period, are not directly tied to goals or company strategy.

Once these metrics have been established, the respective functional areas are charged with developing and implementing initiatives that will move the company toward these environmental and social targets. The targets identified are based on insights of participants on the CR team rather than guidance from the senior leadership team or the board. The board requires data be

reported to them periodically regarding certain key social metrics (diversity metrics).

While the senior leadership team plays an active role in economic-related decision making, they do not get deeply involved in identifying and managing environmental and social topics and their impacts, risks and opportunities, with the exception of the topic of diversity and inclusion. Diversity and inclusion targets outlined on page 17 will be tracked as part of the strategy scorecard beginning in 2021.

Members of the senior leadership team, including Legal and the chief of human resources, review and approve the finalized CR report.





## Stakeholder Engagement

As mentioned previously, the CR team has developed this first report with input from their functional areas as well as key company leaders. Our plan is to follow this initial report with a stakeholder survey to validate, confirm and modify our material aspects and metrics as needed, to meet the informational needs of our various constituencies. We anticipate this outreach to be repeated biennially, at a minimum.

Stakeholder groups to be surveyed directly include:

- Employees
- Company leaders
- Shareholders/board members
- Trade partners/customers
- Suppliers
- Prospective employee recruits

The groups above were selected because they are the company's most relevant stakeholders for whom we have access to contact information to conduct this type of primary research.

The following groups, while important to the company, will not be directly surveyed. An alternate secondary research approach (identified in parenthesis) will be used to gather data as follows:

- Consumers (publicly available sustainable products research will serve as a proxy for a survey)
- Regulators (Compliance will serve as a proxy for a survey)
- Industry cohort (input from industry cohort committees focused on sustainability issues and available CSR reports from competitors will serve as a proxy for a survey)
- Representatives from local community (qualitative interviews, as appropriate)

Issues raised by these stakeholder groups are highlighted in this 2018-2019 report.



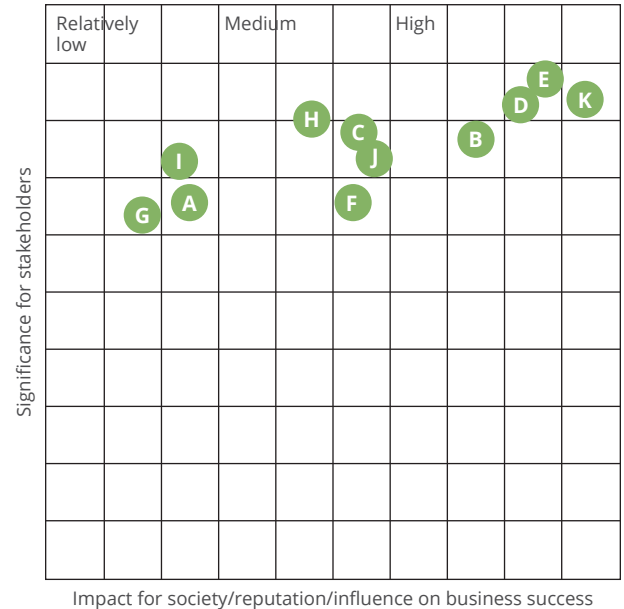
### Key Topics and Concerns Raised

102-44

Elkay surveyed our key stakeholder groups in the spring of 2019. In addition to this survey, we reached out to select representatives of our largest customers — McDonald’s Corporation and Starbucks. Feedback resulted in the following issues raised by stakeholders.

NOTE: Despite stakeholders indicating that some of the key issues were not material, Elkay’s cross-functional corporate responsibility team determined they should report on all of the topics they had identified internally as material to the company.

A	Economic impact on communities in which we do business (infrastructure, economic impact from ops, investment in education)	L	66.71
B	Labor practices (retirement plans, fair wages, turnover, benefits, labor relations)	H	74.8
C	Human/equal rights, diversity, equal pay, D&I programs, non-discrimination, representation)	M	77.83
D	Investment in people (education, training, development, insurance, wellness)	H	82.46
E	Environmental impact	H	86.04
F	Procurement practices (human rights, environment, etc.)	M	66.04
G	Philanthropy	L	62.41
H	Safety (lost time injuries, OSHA filings, safety programs, investments in equipment)	M	80.45
I	Governance (anti-corruption, public policy, anti-competitive behavior, compliance, grievance mechanisms)	L	72.38
J	Handling of grievances (societal, human rights, environmental, labor)	M	75.6
K	Elkay marketing/product responsibility	H	84.25



Based on stakeholder input, the various key issues identified as potentially material to Elkay were clustered in three groups — high-, medium- and relatively low importance to the business, society and stakeholders.

### Reporting Practices

102-45 thru 102-56

Entities included in our consolidated financial statement include:

- Elkay Sales Inc. (sales entity)
- Elkay Plumbing Products Company (plumbing product manufacturing)
- Elkay (China) Kitchen Solutions Co., Ltd.
- E.B. Técnica Mexicana S.A. de C.V.
- Elkay Interior Systems
- Elkay Interior Systems, LATAM
- Elkay Interior Systems, Asia
- Digney York Associates

### Material Topics, Report Content, Topic Boundaries and the Application of the Reporting Principles

Elkay’s corporate responsibility team utilized the stakeholder feedback described above to identify areas deemed material to our business by stakeholders. In each of the categories (see A-K above), the functional subject matter experts (f-SME) on the team reviewed the related topic-specific disclosures to identify those that are material to Elkay’s specific business operations. In order to provide a report complete with sustainability context, the f-SMEs responded all related disclosures using the reporting principles to ensure that Elkay is reporting on a) those topics identified as material by stakeholders and b) those which are material based on the greater sustainability context of the specific topic. Where appropriate within this report, sustainability context and topic boundaries will be provided in the sections covering the disclosures.

## List of Material Topics

Social Impact	201-3	Defined benefit plan obligations and other retirement plans
	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage
	202-2	Proportion of senior management hired from the local community
	401-1	New employee hires and employee turnover
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
	401-3	Parental leave
	402-1	Minimum notice periods regarding operational changes
	403-1	Occupational health and safety management system
	403-2	Hazard identification, risk assessment and incident investigation
	405-1	Diversity of governance bodies and employees
	405-2	Ratio of basic salary and remuneration of women to men
Supply Chain	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
	408-1	Operations and suppliers at significant risk for incidents of child labor
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor
	412-2	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
	414-1	New suppliers that were screened using social criteria
	414-2	Negative social impacts in the supply chain and actions taken
	308-1	New suppliers that were screened using environmental criteria
	308-2	Negative environmental impacts in the supply chain and actions taken
Environmental	301-1	Materials used by weight or volume
	301-2	Recycled input materials used
	302-1	Energy consumption within the organization
	305-1	Direct (Scope 1) GHG emissions
	305-2	Energy indirect (Scope 2) GHG emissions
	303-3	Water withdrawal
	303-4/303-5	Water discharge/water consumption
Marketing	416-1	Assessment of the health and safety impacts of product and service categories
	416-2	Incidents of noncompliance concerning the health and safety impacts of products and services
	417-1	Requirements for product and service information and labeling
	417-2	Incidents of noncompliance concerning product and service information and labeling

## Information About This Report

This report covers the reporting period of fiscal calendar years 2018 and 2019 in their entirety. It has been prepared in accordance with the GRI standards: core option.

### The Two-year Reporting Cycle:

- **Stakeholder outreach:** Immediately following the publication of the last report (fiscal calendar year 2017), the corporate responsibility team gathered stakeholder data and executed a formal materiality survey.
- **Survey data analysis:** After the research period was complete, the team analyzed the data from the survey and reported the results back to executive leadership. The results were used to determine the material topics to be tracked and reported for the 2018-19 period.
- **Data gathering:** In mid-year 2020, after the business results for the previous year were reported, the f-SMEs gathered the data for this report.  
 Note: The timing of this report was impacted by business operation changed caused by the Covid-19 pandemic. Data gathering was postponed until normal business operations had resumed, late in Q3, 2020.
- **Report preparation:** Data for the complete two-year period was gathered and reported from the functions at the end of October 2020, at which time, the preparation of this report began. No external auditors or reporting resources were utilized in the preparation of this report. Elkay will begin looking at utilizing external auditors, data gathering and reporting resources for preparation of the next report.

- **Changes in reporting:** There are no restatements of information from the previous report. However, the previous report (2017) was based on metrics that were traditionally tracked within the business. This year is the first year Elkay is officially reporting on GRI-specific disclosures.



Questions about the information provided in this report should be directed to:

### Elkay Manufacturing

1333 Butterfield Road, Suite 200  
 Downers Grove, IL 60515  
 Attn: Corporate Communications  
 CorpComm@elkay.com





# Organizational Profile

Topic-specific Standards



### Defined Benefit Plan Obligations and Other Retirement Plans

Elkay aspires to attract and retain the most talented people as employees. We recognize that by maintaining long-term employment arrangements with these individuals, we may well be the primary employer they'll have throughout their working career. Elkay is committed to providing our employees with a competitive wage and helping them prepare themselves to continue experiencing financial well-being after their retirement from the company.

Elkay offers employees competitive retirement offerings in the following ways:

#### 401(k) retirement plan

The retirement savings plan is available to full- and part-time employees. Employees are eligible to participate in the 401(k) savings portion after three months of continuous service. Elkay matches 100% of the first 4% deferral. Employees are automatically enrolled at the 4% "elective deferral" contribution amount unless they elect to change this. Employees may contribute any percentage of pay, on a pre-tax basis, up to a maximum of \$19,500/year or \$26,000

if they are over the age of 50. There are a variety of investment funds available in the plan. Employees are 100% vested, meaning they have immediate rights to the Elkay company match the day they are deposited. We are proud of the high participation rate in our 401(k) plan.

#### Profit sharing

Employees are eligible for profit sharing contributions, deposited to a 401(k) account, when they have been: continuously employed for a minimum of six months, completed 1,000 work hours during the plan year and employed by Elkay on the last day of the plan year. They do not have to contribute to the plan to receive the discretionary profit sharing contribution. The amount of company contributions to the profit sharing plan, if any, is determined at the end of each calendar year by Elkay's board of directors. Employees have enjoyed a profit sharing contribution for the last several years. Profit sharing contributions are placed in a separate account within the 401(k) plan. Employees determine where the contribution is invested from the same investment offerings in

the 401(k). The vesting schedule for profit sharing contributions is year one at 0%, then 20% for each full year thereafter. The contribution is 100% vested after six years.

#### Supplemental retirement savings

The supplemental savings plan is a nonqualified, deferred compensation plan designed to provide key employees the opportunity to accumulate savings on a tax-favored basis. Also known as the Elkay Manufacturing Company Nonqualified Deferred Compensation Plan (NQDCP), it is offered only to a select group of employees. In contrast to a 401(k) plan, which entails severe penalties for withdrawals before retirement, Elkay's supplemental savings plan can be used to accumulate tax-advantaged savings for any financial goal. While the IRS limits the total dollar amount employees can contribute to a 401(k) plan each year, with Elkay's supplemental savings plan, they can save any amount up to 75% of their annual salary and up to 100% of their annual bonus on a pre-tax basis. That means they have the power to accumulate significant savings over the years.

#### Plan liabilities met by general resources

2018: \$3,403,477  
2019: \$3,513,445

#### Percentage of participation in retirement plans

2018: 89.82%  
2019: 91.02%

## Management Approach for Standard Section 201-3

### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

**Why is the topic material to Elkay?** Elkay defined benefit plans are material to Elkay because by offering them and how we manage them directly impacts the value these plans provide to our employees when they need it most — at retirement.

**Where does the impact occur?** Although the employees themselves select the funds they wish their retirement allocations to be invested in, Elkay does impact employees in that the thorough investment reviews we provide directly affect the quality of funds that employees can choose from and hence, the returns/growth they can expect.

- We exclusively distribute profit sharing dollars through a 401(k) account to encourage employees to actively engage with retirement planning;
- We select a third-party partner, Empower Retirement Services and Mesirow Financial, to prudently manage these accounts;
- Impact is also linked to these partners, who manage the funds that will be made available to employees for investment;
- Elkay established an investment committee that, together with the financial advisors from these partners, regularly review fund performance and fees to ensure they are as expected.

Specific limitations: Employees have full control over whether to allocate wages for investment in the 401(k) program and over which accounts they wish to invest their retirement and profit-sharing dollars.

### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** Elkay's Total Rewards organization oversees the selection and management of the third-party 401(k) and Nonqualified Deferred Compensation Plan administrators. Also, the administrative committee of the Total Rewards organization reviews the service providers annually to ensure administrative objectives are being adhered.

**Policies:** We have written policies and plan documents that govern the administration

and standards associated with these plans, their administrators and investment reviews.

**Commitments:** Through our plan documents, we outline our commitment to employees in that we will adhere to an objective and compliant approach for the benefit of the employees.

The following voluntary fund screening criteria is referenced at each investment review:

- **People:** Tenure of three years for manager or management team. In event of departure of a team member, the remaining manager must have had a minimum of three years tenure with the portfolio.
- **Performance vs. peer group:** Above 75th percentile for one year and 50th percentile for three- and five-year trailing returns compared to Morningstar peer group; funds must meet minimum threshold two out of three measured periods.
- **Performance vs. benchmark:** Must perform better than or equal to assigned benchmark two out of three measured periods.
- **Risk adjusted performance:** Above 50th percentile within Morningstar peer universe for three- or five-year Sharpe ratio.
- **Fee:** Above 50th percentile ranking within Morningstar peer universe.
- **Style consistency:** Continuity of philosophy, strategy and style.

- **Equity:** Morningstar-style analysis.
- **Balanced:** Consistency in asset allocation.
- **Fixed income:** Consistency in stated duration/quality/sector guidelines.

Responsibilities and to whom assigned: The senior director of Total Rewards is responsible for plan administration, vendor selection and management. The investment committee (CFO, CHRO and two senior management rotating members) are responsible for quarterly investment reviews.

### Disclosure 103-3: Evaluation of the Management Approach

**How do you evaluate this management approach's effectiveness?** We measure effectiveness by the percentage of return on investments, percentage of employee participation in the plans, and feedback from the Total Rewards and engagement survey. We share the results of the evaluation (challenges, gaps, obstacles, progress). Most recent results indicated a desire to research alternatives to providing a profit-sharing contribution and post-tax 401(k) deferrals. Related adjustments to the management approach (changes in allocation of resources, goals, targets, responsibilities, etc.) and specific actions aimed at improving performance of the management approach — not applicable.



202-1

### Ratios of Standard Entry-level Wage by Gender, Compared to Local Minimum Wage

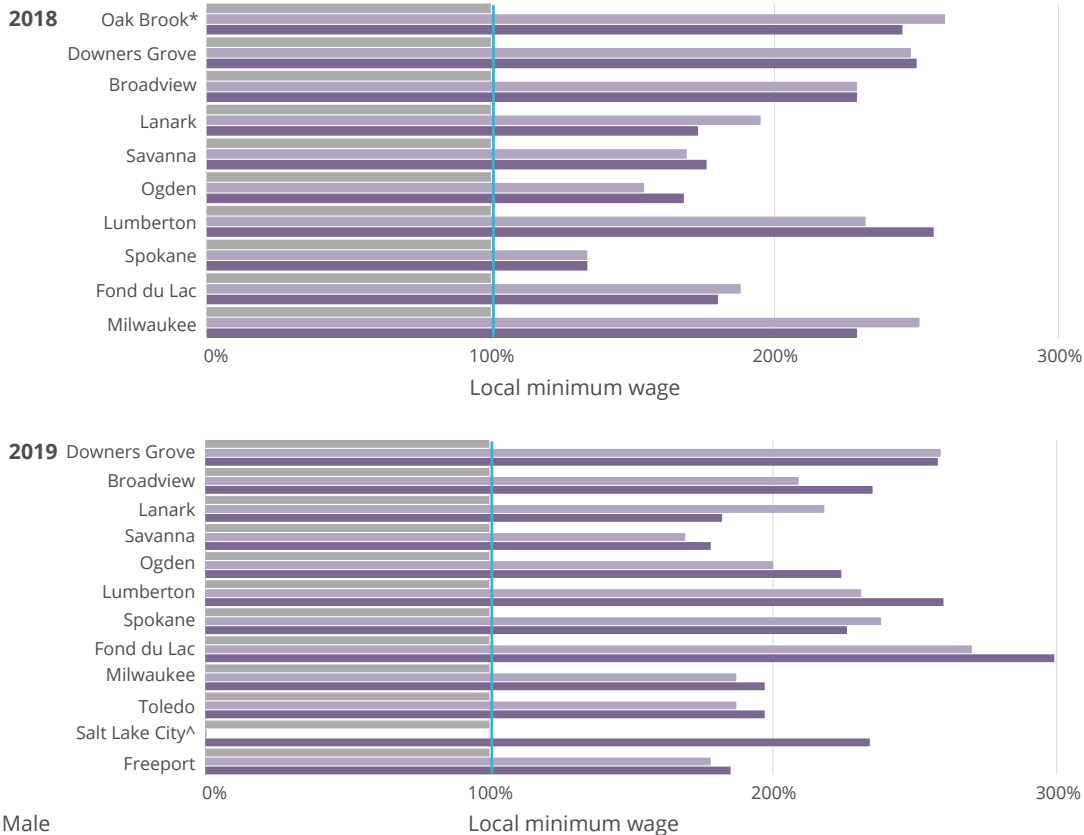
Elkay takes care to pay a competitive entry-level wage that is above the local minimum wage at all domestic locations.

We follow all wage regulations internationally (e.g., meeting minimum wage) in countries where we have Elkay employees. In China, Hong Kong, Mexico and Austria, each country maintains minimum wages and has places where the minimum depends on the specific

job and its assignment to a government job classification in a defined collective (e.g., Austria). We maintain regular watch on minimum wages in the international regions we operate in and look to set our rates above those standards. For example, in the past, the Chinese government has issued a general mandate for a minimum wage increase, leaving it up to employers to check where wages start for the general

laborer and ensure we are at the minimum rate with our current hourly wage structure. This process would not be any different if the U.S. or Mexico governments issued a minimum hourly wage mandate that would have to be met by a defined date.

Ratio of standard entry-level wages by gender compared to local minimum wage.\*\*



\*Elkay's corporate headquarters moved from Oak Brook to Downers Grove in 2019.

^This location was not part of the Elkay network in 2018.

\*\*We are working to gather similar specific information for our international locations for the 2020-21 report.

### Management Approach for Standard Section 202-1

#### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

##### Why is the topic material to Elkay?

The topic is material to Elkay because it ensures the members of our employee stakeholder group are making a competitive, livable wage. Paying employees competitively helps us attract and retain good people to come and work for us.

**Where does the impact occur?** The

impact of this topic is directly related to Elkay's ongoing business operations.

#### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** Elkay continually tracks local minimum wages, as well as competitive wages in the areas where we operate in order to maintain our competitive pay position in the market.

#### Disclosure 103-3: Evaluation of the Management Approach

**How do you evaluate this management approach's effectiveness?** By regularly bench-marketing and subscribing to competitive pay surveys, we can track what other manufacturers are paying in our various geographic areas. When we identify an area where we are no longer paying our employees competitively, we adjust accordingly.

202-2

### Proportion of Senior Management Hired from the Local Community

Elkay always tries to recruit from the local community as much as possible, depending on talent supply for needed skills. Elkay's senior-most leadership team has been hired from the local Chicagoland area.

Domestic plant leadership teams are predominantly from their local communities (i.e., within a 50-mile radius of the plant).

However, 17% of plant managers have been hired because of a regional search (i.e., East Coast, Midwest, etc.). These leaders, once hired, relocated and now reside local to their plants in order to engage with employees directly, understand the needs of the local community and government, and increase their economic benefits.

All international plant leaders have been hired from the local area (defined as the country and/or province), although the divisional international leaders may cover a greater territory (i.e., multiple countries) that extends well beyond the individual geography where the senior-most international leader resides.

### Management Approach for Standard Section 202-2

#### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

**Why is the topic material to Elkay?** The topic is material to Elkay because it ensures that our senior leadership team is in tune with the communities where we operate and connecting well with our local employees.

**Where does the impact occur?** The impact of this topic is directly related to Elkay's ongoing business operations.

#### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** When feasible, Elkay promotes from within. When this is not feasible due to bench strength and preparedness of our succession plans, Elkay conducts our leadership searches in the general geographic area where we operate. As a rule, we ask that leaders relocate to the community where the plant or office is located should they be recruited from a larger geographic area.

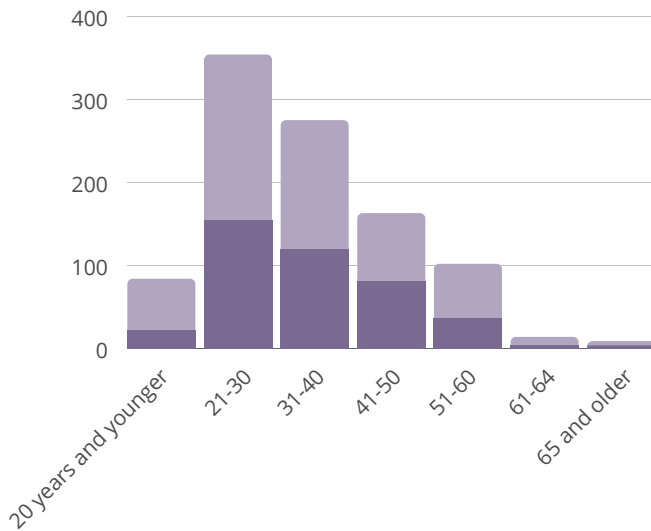
#### Disclosure 103-3: Evaluation of the Management Approach

**How do you evaluate this management approach's effectiveness?** The percentage of leaders who come from or reside in our local communities is quite high, which provides a general indication that the management approach is working.

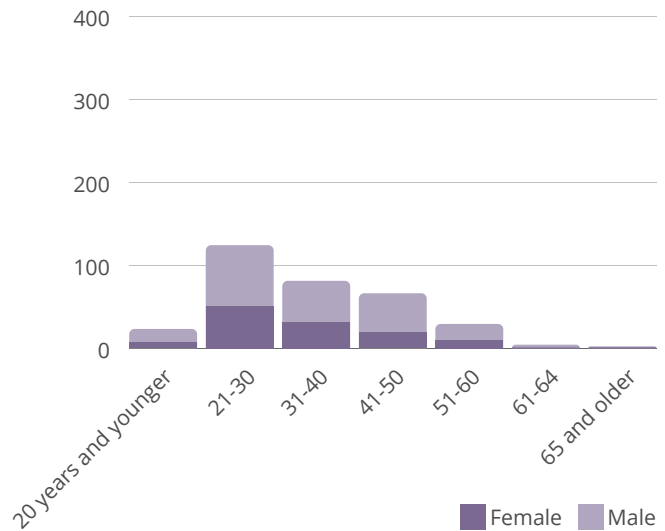
401-1

### New Employee Hires and Employee Turnover

2018 New Hires by Gender

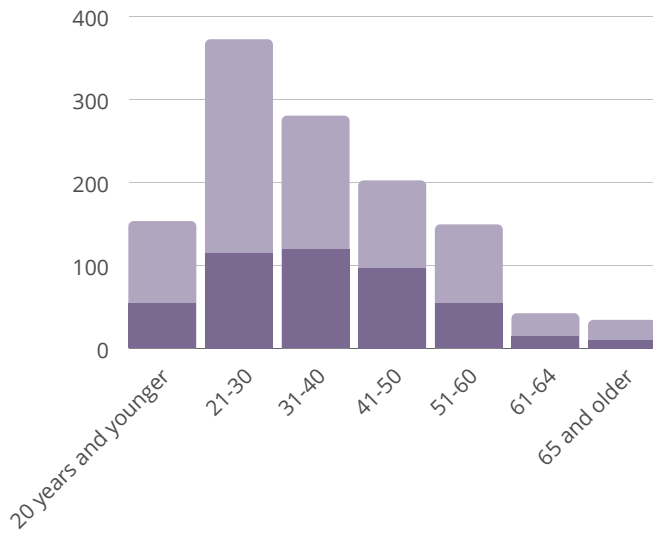


2019 New Hires by Gender

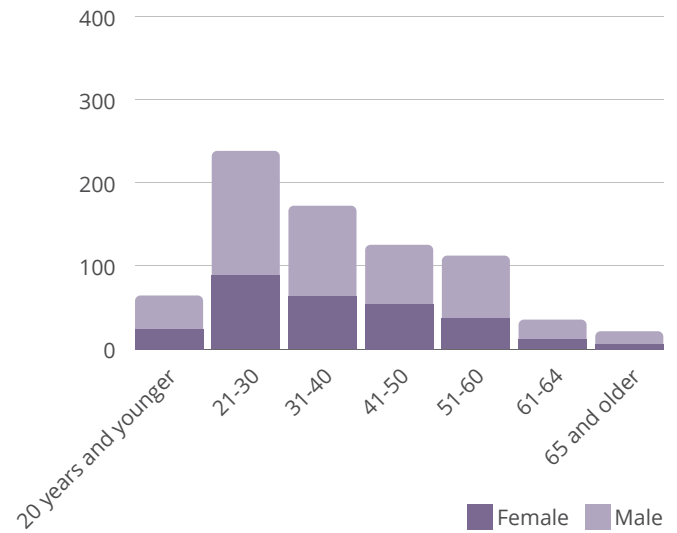


Female Male

2018 Terminations by Gender



2019 Terminations by Gender



## Management Approach for Standard Section 401-1

### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

**Why is the topic material to Elkay?** Elkay monitors the number of new hires and terminations by gender at all locations to ensure gender equality in roles.

**Where does the impact occur?** The impact of this topic is directly related to Elkay's ongoing business operations.

### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** Elkay tracks employment at all locations by gender and race to ensure that we are providing equal opportunity for all roles and in all locations. This information is reported as part of our diversity, equity and inclusion metrics, which are reviewed by our DEI council, senior leadership and the board of directors.

### Disclosure 103-3: Evaluation of the Management Approach

**How do you evaluate this management approach's effectiveness?** Elkay looks for outliers where we are not seeing parity in terms of hires, promotions and tenure according to gender and race. We are currently actively working to increase minority hiring and advancement.



## Benefits Provided to Full-time Employees That Are Not Provided to Temporary or Part-time Employees

In today's competitive recruiting environment, Elkay is committed to offering our employees a competitive Total Rewards/benefits package that will enable us to attract and retain top talent. The following benefits are made available to full-time employees but are not available to temporary (not officially on Elkay payroll) or part-time employees:

- Medical/pharmacy
- Life/AD&D insurance
- Disability coverage
- Vacation time
- Sick time
- Christmas bonus
- 401(k) plan
- Discretionary profit-sharing contribution
- Holiday pay
- Employee purchase plan of company product
- Employee assistance program
- Biometric/health assessment program
- Service awards
- Training and development
- Tuition reimbursement



### Management Approach for Standard Section 401-2

#### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

**Why is the topic material to Elkay?** The topic is material to Elkay because it demonstrates the company's investment in our full-time employees.

**Where does the impact occur?** The impact of this topic is directly related to Elkay's ongoing business operations.

#### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** Elkay has Total Rewards and organizational development teams that actively benchmark best practices in the areas of employee benefits in order to attract, retain and develop best-in-class, long-term employees.

#### Disclosure 103-3: Evaluation of the Management Approach

**How do you evaluate this management approach's effectiveness?** Elkay evaluates our current benefit offerings against leading employers in the areas where we operate to ensure our competitiveness in the employment marketplace.



## Parental Leave

401-3

Parental leave is an increasingly important employee benefit for our employees, regardless of gender. Elkay offers employees a competitive parental leave package that performs well against competitive offerings.

Reporting Requirements:	2018		2019	
	M	F	M	F
Total number of employees entitled to parental leave	1478	816	827	444
Total number of employees who took parental leave	2	0	3	1
Total number of employees who returned to work within the reporting period after parental leave ended	2	0	3	1
Total number of employees who returned to work after parental leave ended who were still employed 12 months after their return to work	*	*	*	*
Parental leave return to work rate	100%	n/a	100%	100%
Parental leave retention rate	*	*	*	*

\*Elkay does not currently monitor this data.

### Management Approach for Standard Section 401-3

#### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

##### Why is the topic material to Elkay?

The topic is material to Elkay because it demonstrates the company's investment in our full-time employees and directly impacts our ability to attract and retain top talent.

**Where does the impact occur?** The impact of this topic is directly related to Elkay's ongoing business operations.

#### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** Elkay has a Total Rewards team that actively benchmarks best practices in the areas of employee benefits to attract, retain and develop best-in-class, long-term employees.

#### Disclosure 103-3: Evaluation of the Management Approach

**How do you evaluate this management approach's effectiveness?** Elkay evaluates our current benefit offerings against leading employers in the areas where we operate to ensure our competitiveness in the employment marketplace. The parental leave offering was recently upgraded and takes effect January 2021 — subsequent reports will reflect employee adoption of this new program.





## Minimum Notice Periods Regarding Operational Changes

As a rule, Elkay follows the guidance of the WARN Act domestically, providing employees pay in lieu of notice, ranging from a minimum of two weeks to more based on service. As a courtesy to our employees, we make efforts to provide advanced notice for reorganizations. We also provide some outplacement/transition support, such as EAP representatives to talk about change management/dealing with stress of change. Employees are afforded additional flexibility during a transition period to allow them to interview. Stay bonuses are offered on occasion where some individuals are needed to stay longer through a transition period.

In our Broadview, Ill. facility, our employees are under a union contract, which requires that the union must receive 14 days' advance notice for a new/alternative work schedule implementation. During such 14-day period, the company and union would meet, and the company would answer questions and provide information about the work schedule implementation. The company must provide certain advance notice for overtime. The company shall notify the employee 12 hours in advance of layoffs; provided that if the employee does not perform work satisfactorily during that 12-hour period, then the company can dismiss the employee

immediately. The union must receive notice when employees are terminated or are to be laid off, recalled or demoted. The company must notify employees of intent to schedule a vacation shutdown and other shutdowns, if known, 30 days prior to shut down.

Internationally, employment contracts vary according to government mandates. Elkay follows the mandates established in each country regarding terminations due to operational changes.

## Management Approach for Standard Section 402-1

### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

**Why is the topic material to Elkay?** The topic is material to Elkay because how we treat our people is central to our culture and employment brand.

**Where does the impact occur?** The impact of this topic is directly related to Elkay's ongoing business operations.

### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** Elkay HR leaders, working with the business on a case-by-case basis, seek to balance business needs with people-impact needs, provide the best transition support possible to enable them to find next employment up to and including severance, COBRA, outplacement support, resume assistance, job fairs on site/cooperative with other major employers in the area. The goal is to address the impact and provide the best possible support for individuals in transition — including financial, career transition, COBRA and counseling/EAP.

### Disclosure 103-3: Evaluation of the Management Approach

**How do you evaluate this management approach's effectiveness?** Our severance policies and programs are designed to minimize the gap between time unemployed and next employment. Any time we have a reduction in workforce, we carefully evaluate services available to determine where we can provide other options to help. We evaluate our services annually, partner with other companies for help, continually research other services available and change services to meet the needs of our changing employee base. Elkay benchmarks best practices available for this type of support in the marketplace in the spirit of continuous improvement. We also review feedback from those who took advantage of career transition services (what was most helpful/least helpful), provided by partners and third-party providers, to reshape our programs around what was most helpful.



## Occupational Health and Safety Management System

Elkay has implemented an occupational health and safety management system based on the regulatory requirements of OSHA and recognized risks in our manufacturing facilities. The company's domestic U.S. occupational health and safety (EHS) management system covers all employees working within our domestic manufacturing facilities. The report does not cover professional staff who are based in office locations, because these individuals do not experience risks like those experienced by our plant personnel, due to the relatively sedentary nature of their roles with the company.

The occupational health and safety management system is led by a trained, on-staff corporate EHS professional, with the help and support of designated personnel in each of the plants, including some safety personnel and trained hourly workers.

Continuous improvement is measured and sustained through third-party audits and annual visits by corporate EHS. The third-party health and safety audits are regularly scheduled. In addition, the program requires internal annual reviews of each health and safety program in each manufacturing facility.



In our China and Mexico operations, we follow similar processes in that health and safety programs and initiatives are regularly audited, and we systematically track safety, injuries and illnesses procedurally. We rely on local plant leadership to add additional practices in order to comply with their local, regional and governmental regulations in their respective international jurisdictions.

Occupational health and safety at our international manufacturing facilities (China, Mexico and Europe) are not tracked utilizing Elkay's domestic management system; methods for tracking occupational health and safety (OHS) at these locations is tracked and managed locally in order to comply with local management standards.

For the purposes of this 2018-2019 report, we will report only on our domestic approach to OHS; it is our intention to report on our international metrics in our next report.

## Hazard Identification, Risk Assessment and Incident Investigation

Facilities are required to establish formal hazard recognition and control processes to identify and correct workplace hazards. This includes physical conditions, at-risk behaviors and program or process deficiencies that may result in an injury, illness, property damage and/or production upset. Each manufacturing facility establishes a risk assessment process for identifying, prioritizing and responding to safety risks at their locations. The process looks at job hazards using frequency, probability and severity values to identify the risk of the task. Each site uses near-miss, incident reports, hazard recognition and control practices, machine guarding reviews and a design safety review process to identify when new risks must be assessed. Teams are cross-functional consisting of affected employees, management, supervisors, the site safety coordinator and others, as appropriate. The facility implements safe plans of action, training and other written standards/systems designed to ensure that exposure to recognize hazards are minimized. Each risk assessment is documented and communicated to the workers.

At the conclusion of the risk assessment, the team must identify the actions necessary to eliminate or minimize the risk, considering the factors identified as contributing to the risk. Corrective actions are placed on an action register with target dates assigned to specific workers. Corrective actions may include hazard elimination, engineering controls, administrative controls, process or procedure improvement, personal protective equipment, re-training, coaching or other steps.

All workers are trained and encouraged to report hazards and hazardous situations using a safety concern reporting process at each facility. Each of these items are documented along with the corrective actions. Progress is tracked and shared with workers. All workers are trained and instructed to stop work in the event of the discovery of a hazard or hazardous situation. Workers are informed that there will be no retaliation for these actions.

Safety inspections are performed at least monthly by cross-functional teams. Inspections utilize a safety checklist relevant to the specific work area. If a facility is not currently utilizing formal EHS inspections/audits relevant to the work area, the corporate safety professional can be contacted for examples to be used at the discretion of the plant. Inspections examine both physical workplace hazards and at-risk behaviors. The results of safety inspections involve prompt correction of noted deficiencies, with actions taken preferably as part of the inspection. Individuals completing inspections and audits receive training in federal, state and local safety requirements, inspection and auditing methods.

All safety incidents are reported and investigated to identify primary and secondary root causes and determine appropriate corrective actions. Corrective actions address gaps in management systems, procedures, behaviors and/or operating practices, facilities and equipment. Each location establishes a written procedure describing local incident investigation

procedures and investigation methods. Incident investigations are performed through a combination of the fishbone (Ishikawa) and 5-why techniques. In all cases, incident investigations must identify primary and secondary root causes of the incident. Supervisors or other appointed staff are responsible for leading and completing incident investigations for all incidents under their control. Injured workers are interviewed as soon as possible. Eyewitnesses are also interviewed, with statements documented and signed. Where possible, investigations should be performed through a cross-functional team that includes hourly workers. Investigations are initiated immediately with the initial investigation completed within 24 hours of incident occurrence. The 48-hour call process (which involves sharing the investigation with the corporate safety team and other management) are completed with accident investigation, fishbone diagram and corrective actions outlined.

For each incident, the facility will develop corrective and/or preventive actions to address primary and secondary root causes. Responsible persons and target completion dates shall be established for each action. This is reviewed by corporate safety and plant management to ensure that proposed corrective changes are appropriate and provide necessary financial and human resources for implementation of final corrective actions. Investigation results and associated corrective and preventive actions shall be openly communicated and highly visible to the workers.



403-4 **Worker Participation, Consultation and Communication**

Each facility is required to establish an effective process for communicating safety requirements, performance against goals, advisories, best practices and other information. In addition, the process promotes identification of continuous improvement opportunities through the active engagement of all employees.

Each location holds two-way safety communication sessions with all workers on a regularly scheduled basis. The purpose of these meetings is to share safety information, obtain worker input and help implement safety policies, procedures and practices at the location, and to identify and resolve

safety issues and concerns. Communication session examples include weekly toolbox talks, monthly plant-wide meetings, or individual employee coaching sessions.

A designated worker shall be responsible for assisting management in the selection and development of safety communications meeting topics and themes. The site designee is also responsible for consulting on identified issues, concerns and continuous improvement opportunities. Management is responsible for acting on issues, concerns and continuous improvement opportunities identified. Workers are responsible for providing feedback and participating in

safety communications meetings and openly discussing issues, concerns and continuous improvement opportunities.

Safety information is continuously available and accessible to the entire organization through established communication centers. Management designates individuals or a team as responsible for the quality and timeliness of safety communication center information. Safety messages shall be used during meetings to reinforce and integrate proactive safety attitudes and behaviors into the organizational culture.

403-5 **Worker Training on Occupational Health and Safety**

Workers are trained in their safety responsibilities and provided with the necessary knowledge and skills to perform work in a safe and proper environment. Management ensures a level of comprehension and demonstrated ability of the worker using assessment tools.

Safety training is integrated, where practical, into existing area, job and equipment-specific training processes. Management actively supports and participates in the safety training process. Each facility uses a formal assessment element (test, evaluation, on-job check for understanding) for all workers, including management, to confirm that knowledge is acquired, skills are learned and awareness is present.

An assessment is conducted, which identifies specific safety training requirements

along with frequency, by department or job. A matrix is developed of all required and recommended safety training by department, area and job task. Training delivery methods, responsibilities and frequency shall be captured within the site's topic specific policies or procedures.

New hires are especially susceptible to workplace injuries. Therefore, new-hire orientation training is conducted and documented for all new and transferred workers. Training documentation includes a checklist verifying the worker has met minimum training requirements to perform their job safely. New-hire orientation training includes a review of key facility safety processes, responsibilities and expectations. Topics are a combination of compliance and risk-based, as appropriate. New-hire orientation training includes an assessment

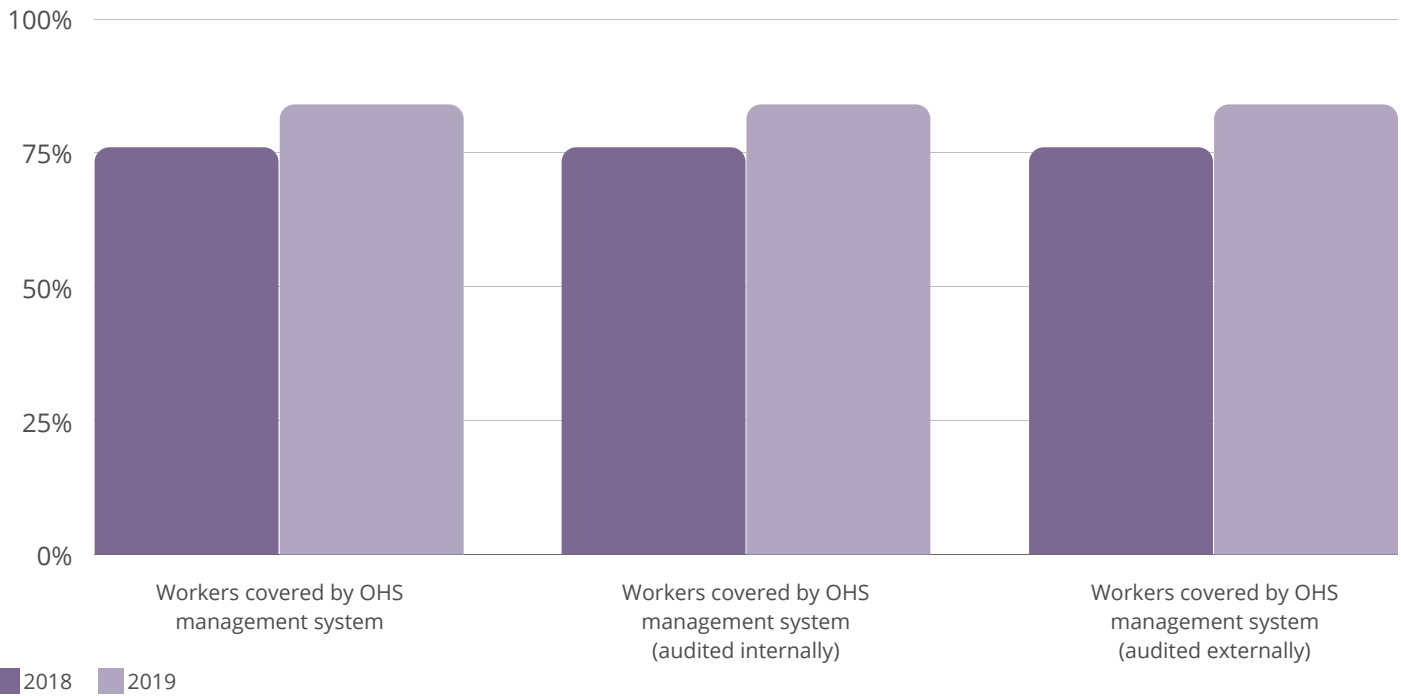
element (e.g., check for understanding) after 30 days. Workers who have been transferred from one department/position to another receive additional orientation training on the new hazards and safety rules and procedures applicable to the new position.

Department/job-specific safety training requirements are defined, conducted and documented. Topics are a combination of compliance and risk-based, as appropriate. Prior to transfer to a different department, area or job, employees are trained in any new safety requirements for their new assignments.

Workers are provided with refresher safety training, as necessary, to maintain competency and to fulfill company and regulatory requirements.

### Workers Covered by Occupational Health and Safety Management System

403-8



\*Corporate offices in Downers Grove and Milwaukee not covered. Data compiled using December staffing reports. MR Direct was not audited in 2018.

### Work-related Injuries and Ill Health

403-9  
403-10

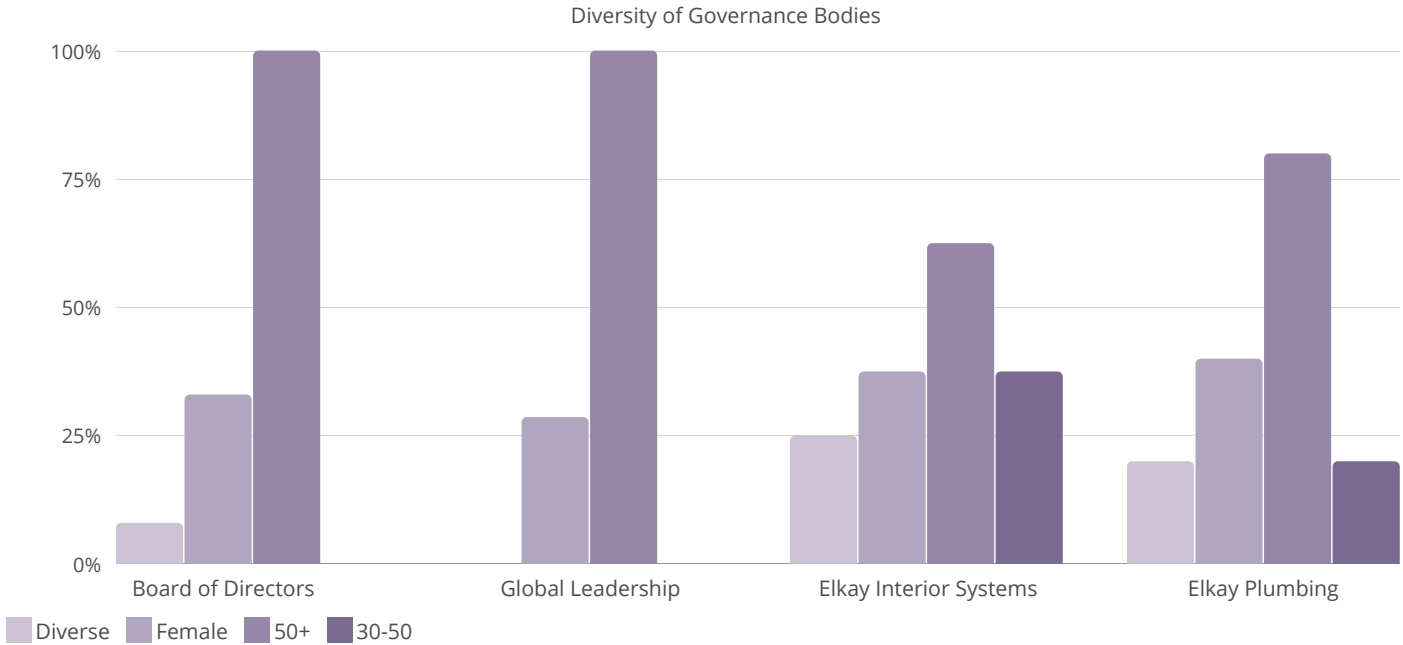
Although the main injury type that workers incur in Elkay manufacturing facilities are strains, lacerations also occur. Based on 200,000 work hours, the rate of injury in 2018 and 2019 were 2.32 and 1.93, respectively. The total number of hours worked was 5,078,894 in 2018 and 3,834,047 in 2019. These figures do not include our office workplaces, which do not have recordable injuries on record, and would artificially skew our numbers downward.

In 2018, we recorded one instance of work-related ill health across the company, while in 2019, we recorded three instances of ill health, companywide. The reported instances included three cases of hearing loss and one case of heat stress.



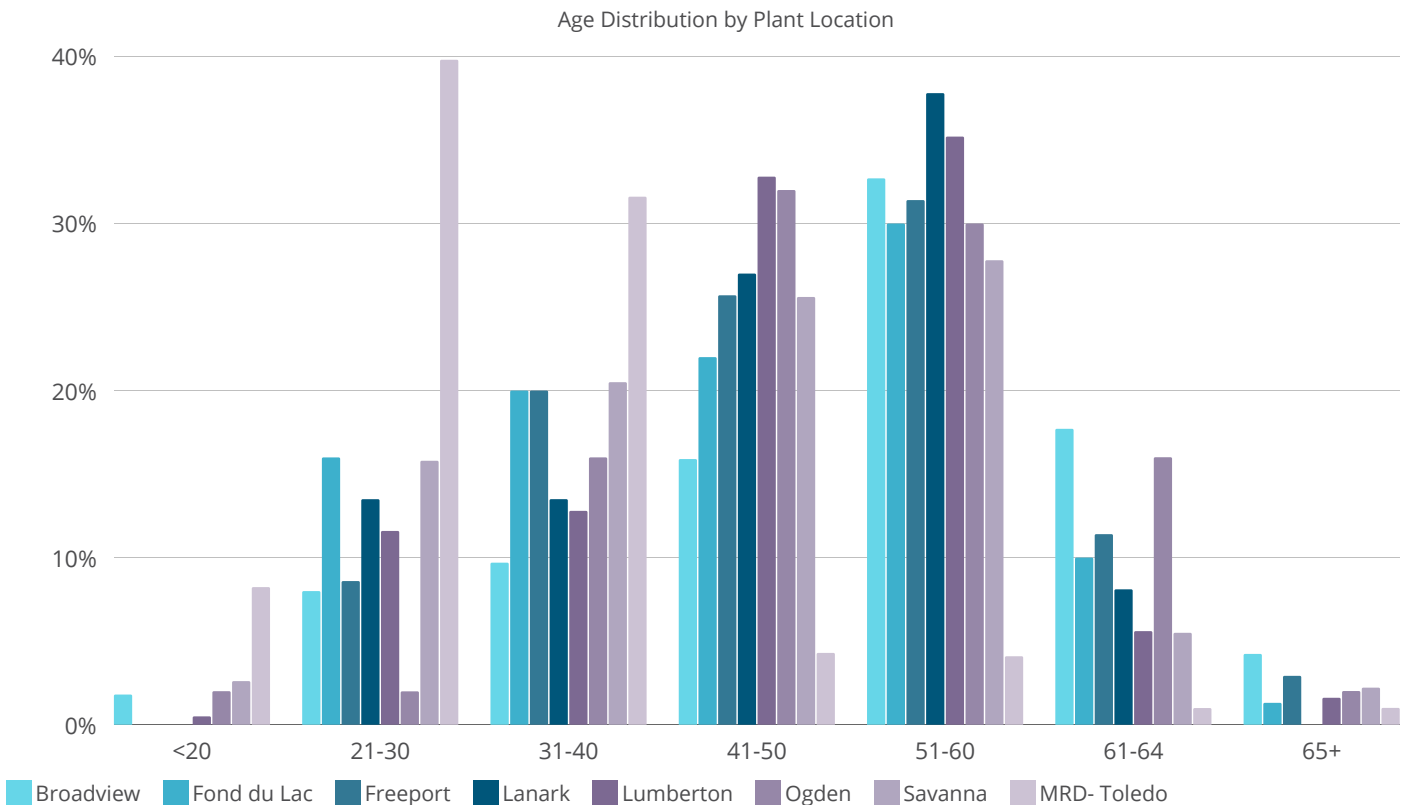
**Diversity and Equal Opportunity**

**Diversity of Governance Bodies:** The governance bodies that exist within Elkay include the board of directors, the global leadership team (GLT) and the leadership teams for our businesses, Elkay Plumbing and Elkay Interior Systems.

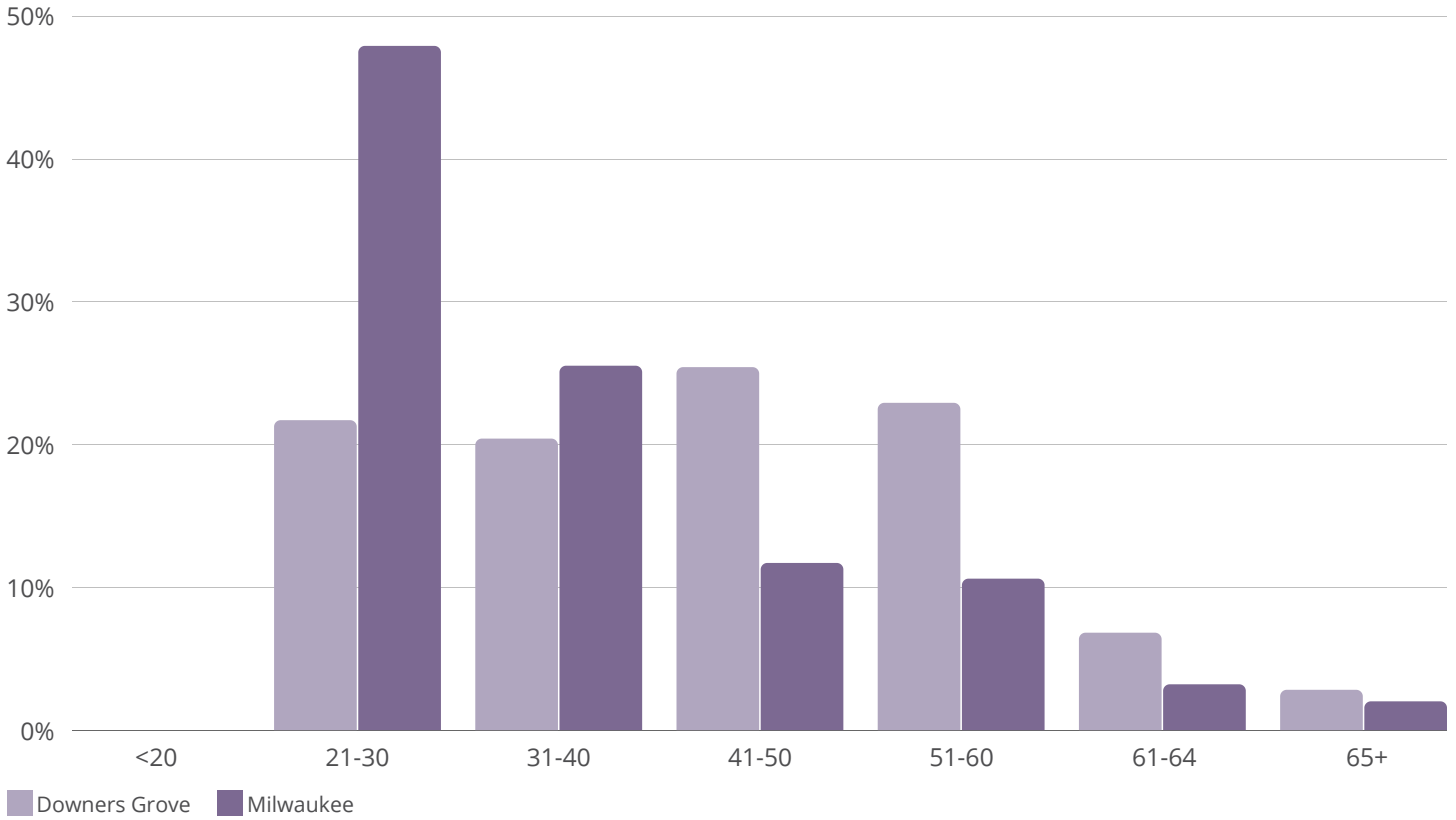


\*2018-2019 composition of governance bodies ^Diversity includes minorities and other vulnerable groups. ~No members younger than 30

**Diversity of Employees:** Domestically, Elkay has two professional locations and nine production and distribution locations. The data that follows reflects domestic data, which is available through the company’s HR information system, Workday. Data was not available for the Salt Lake City location. In the future, we will be able to track employee stats globally, as Workday became a global platform for Elkay in late 2020.



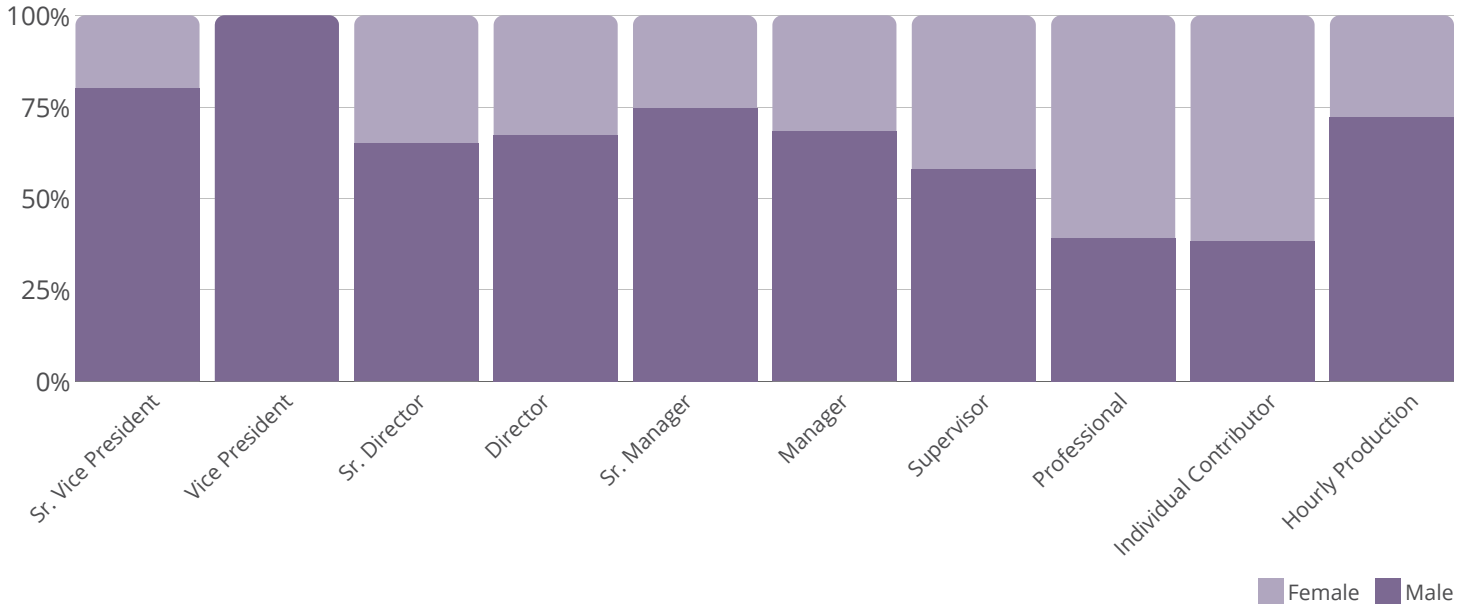
Age Distribution by Office Location



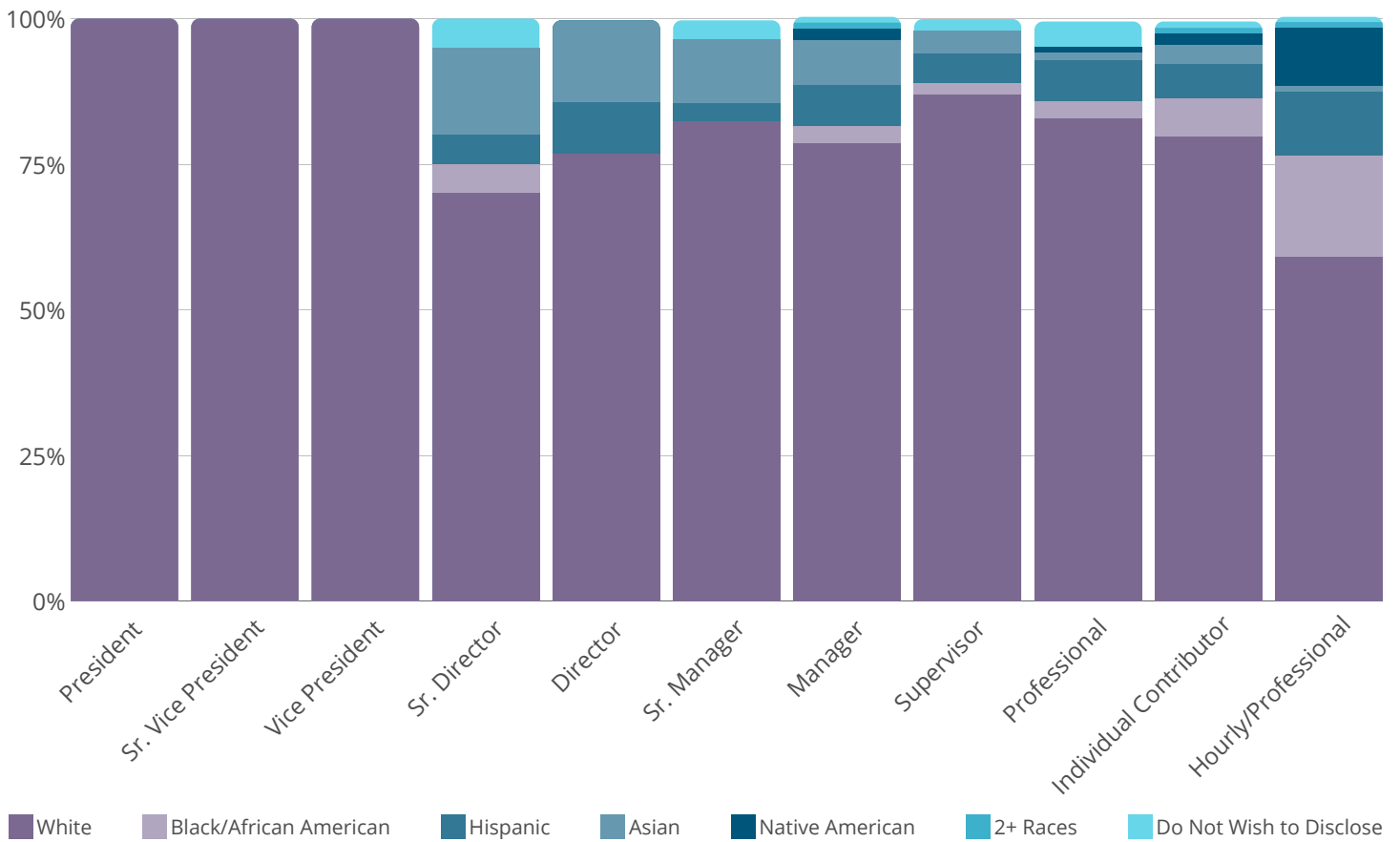
Age Distribution by Management Level



Gender Distribution by Management Level

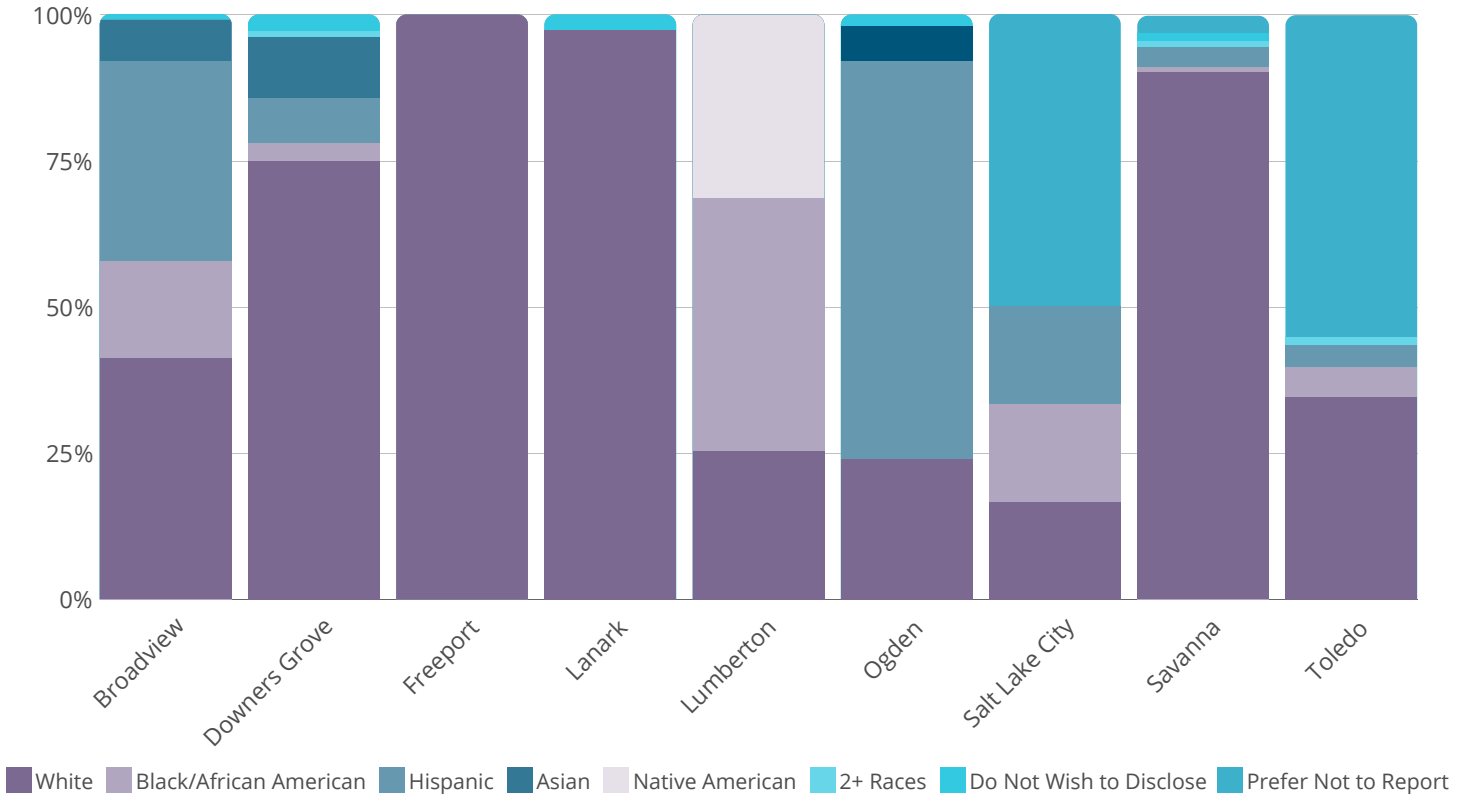


Race Distribution by Management Level

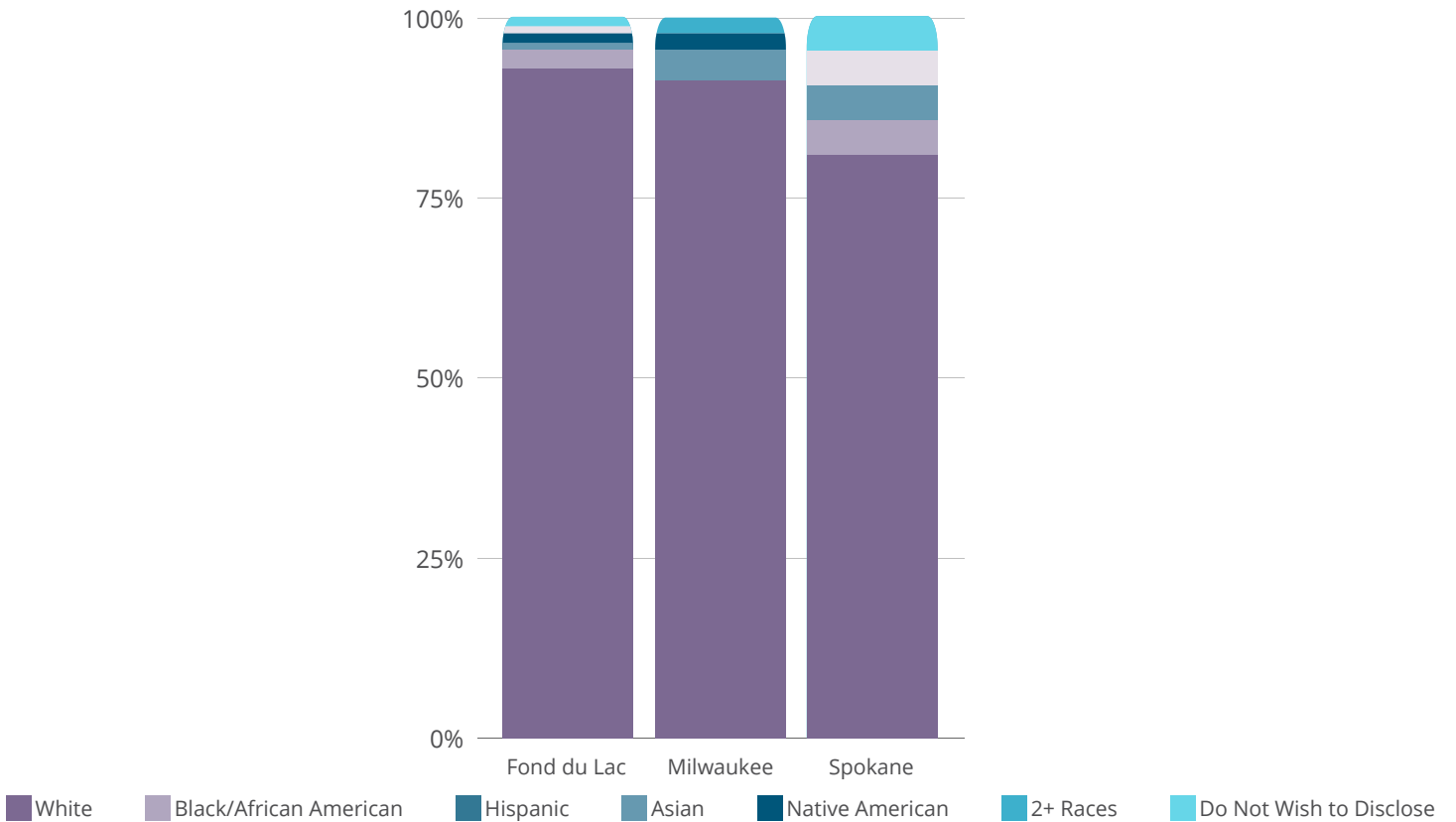




Race Distribution by Plumbing Location (including corporate HQ)



Race Distribution by Elkay Interior Systems Location



## Management Approach for Standard Section 405-1

### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

**Why is the topic material to Elkay?** The topic of diversity, equity and inclusion (DEI) is material to Elkay because “our strength is in our people”, and our people should demographically represent the communities that we work in — at all levels. The cultural events of 2020 caused us to take a closer look at diversity, equity and inclusion within our ranks. We realized that while we had a very diverse employee population overall, considered in aggregate, once we examined our professional ranks, we had considerable room for improvement.

### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** As a result of our internal examination, we have enhanced our approach to DEI in the following ways:

- We implemented a DEI thought leadership council to determine what our approach to DEI should be to improve our performance in this critical area.
- One of the recommendations was to establish a permanent DEI council that serves as an advisory board to help leadership make more inclusive and equitable decisions on several fronts.
- We established formal diversity-related recruiting targets.
- We created a regular communications cadence to help raise cultural awareness.
- We added new diversity-centric non-profits to our annual giving campaign and are actively seeking volunteer opportunities that benefit diverse communities and communities of color.

The new recruiting targets are as follows:

- Increase the percentage of diverse candidates presented to our hiring managers for professional positions in office locations (Downers Grove, Ill. and Milwaukee, Wis.) to 25%.
- Increase the percentage of diverse hires for professional positions in office locations to 25%.

### Disclosure 103-3: Evaluation of the Management Approach

**How do you evaluate this management approach's effectiveness?** Elkay is still in the early stages of the new approach to DEI. We expect to have strong results to report in our next CR report (covering the reporting period 2020-2021). In the first 4-1/2 months of pursuing the new recruiting targets (between October 2020 and February 2021), the results have been as follows:

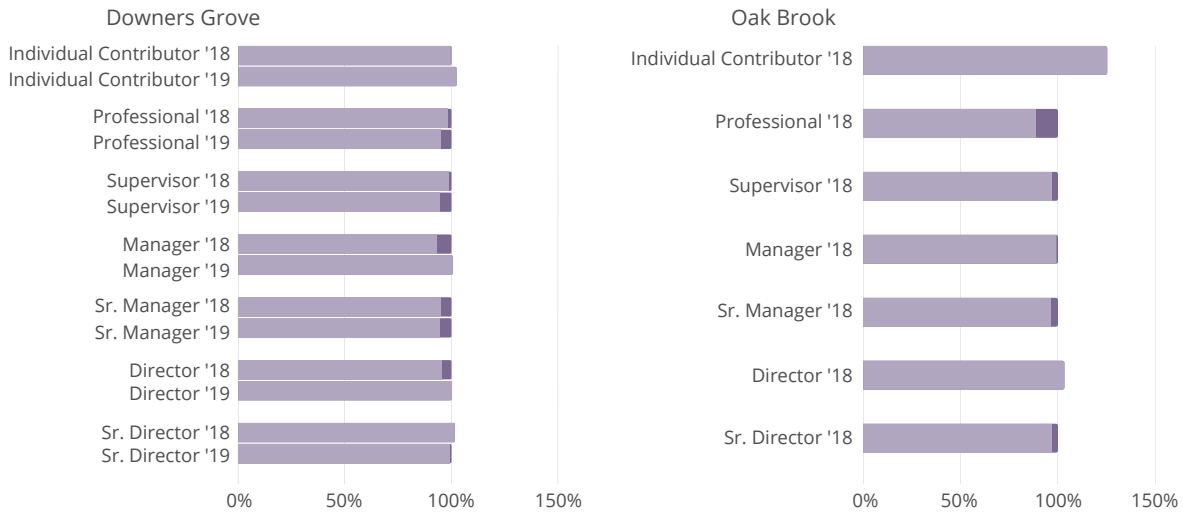
<b>Diverse Candidates:</b>	36.5% diverse candidates presented	42.3% diverse candidates hired
<b>Female Candidates:</b>	49.9% female candidates presented	57.7% female candidates hired



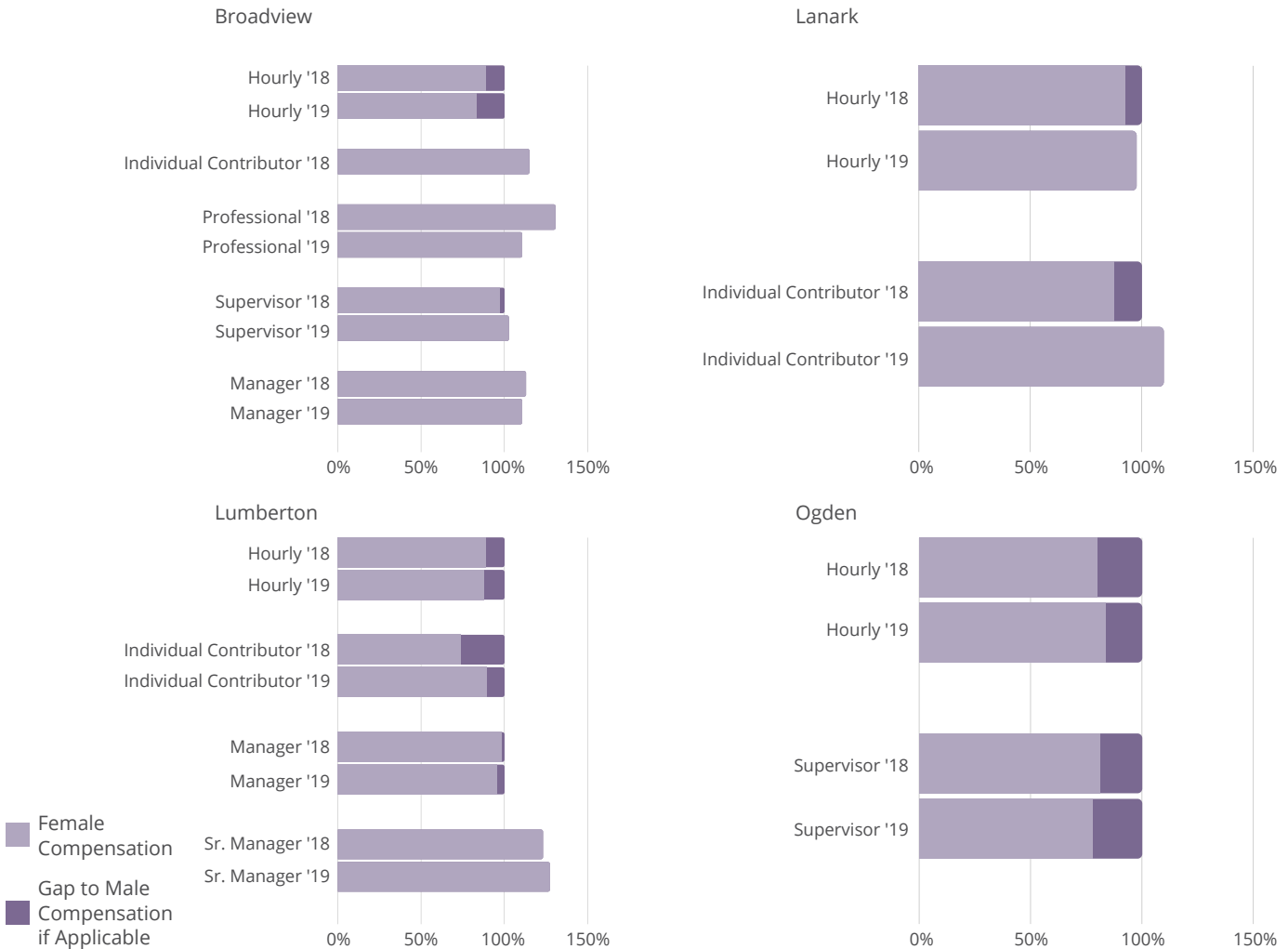
### Compensation Analysis, Comparing Women to Men Including Base Pay and Total Compensation by Location and Job Classification

We arrived at these numbers by showing female compensation as a percentage of male compensation at each location.

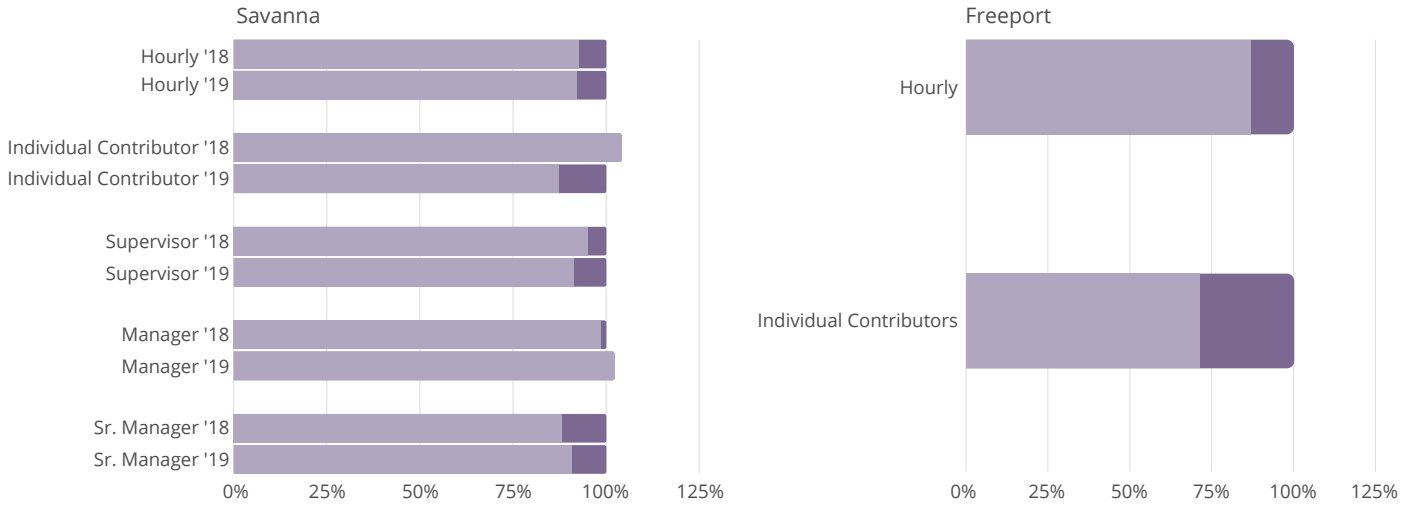
#### Corporate Headquarters



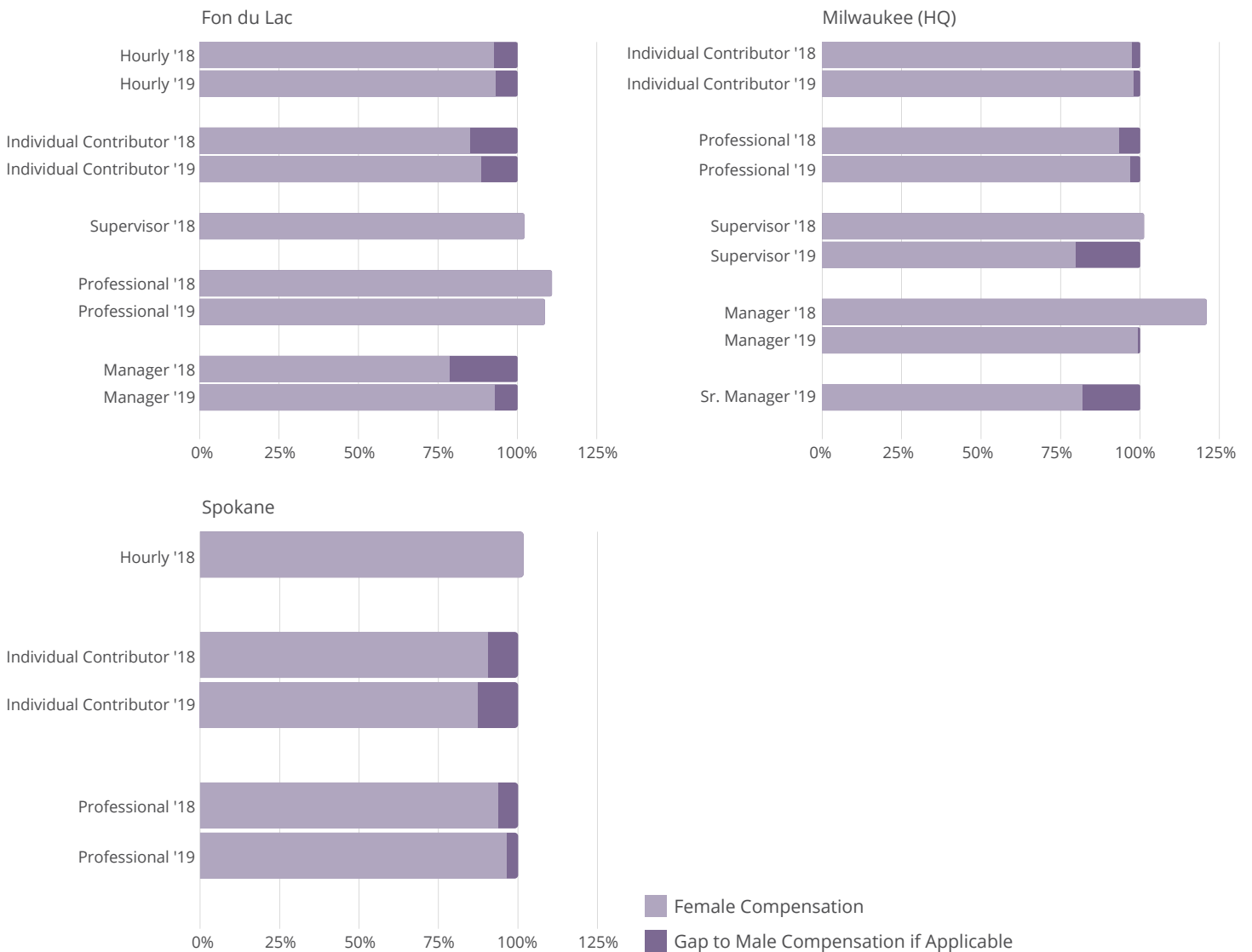
#### Plumbing Operations



### Plumbing Operations

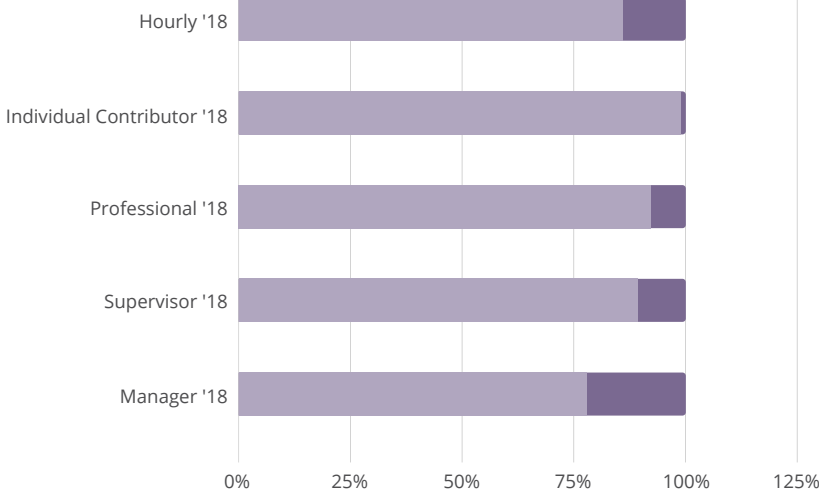


### Elkay Interior Systems

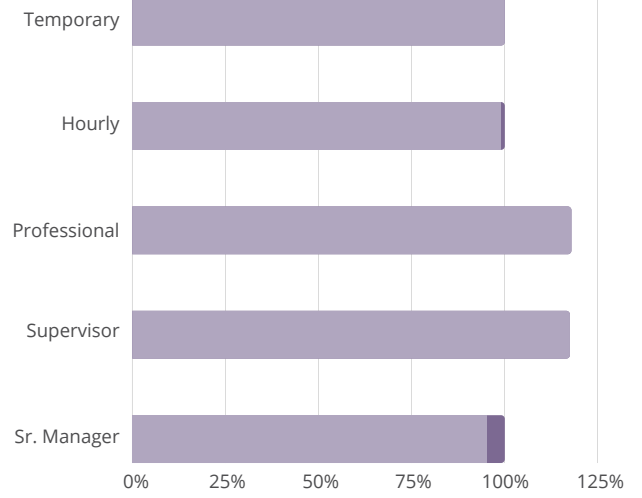


Cabinet Business

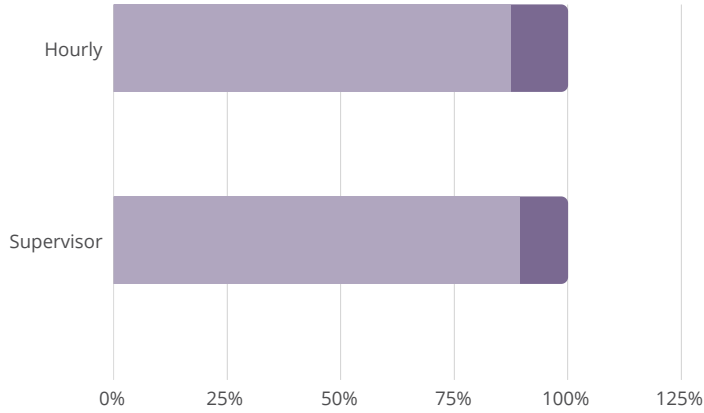
Aurora



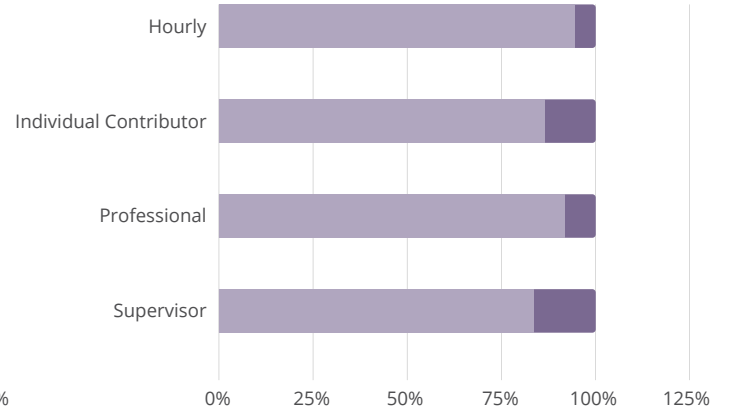
Culver



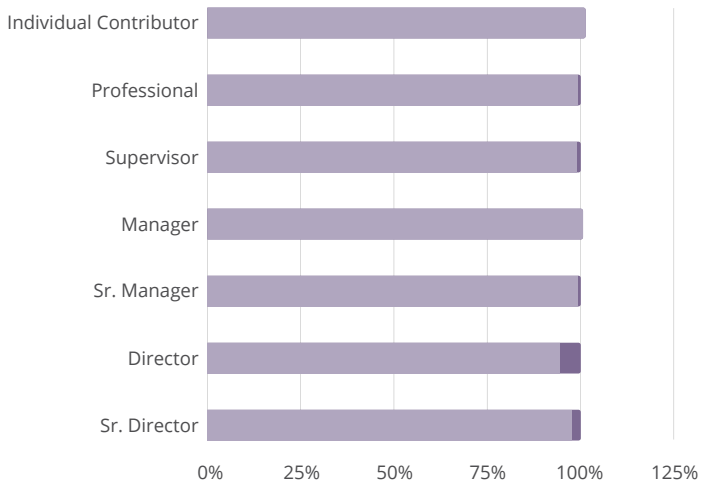
Independence



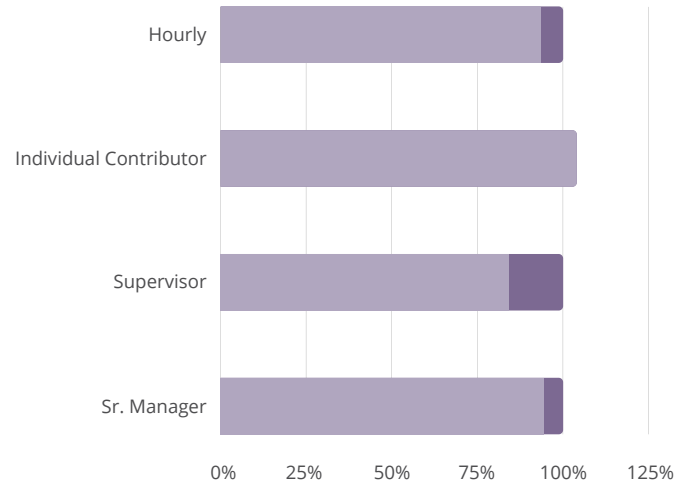
Mifflinburg



Waconia Office



Waconia Plant



Female Compensation    Gap to Male Compensation if Applicable

## Management Approach for Standard Section 405-2

### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

**Why is the topic material to Elkay?** The topic of Total Rewards and compensation is material to Elkay because it contributes to our ability to attract and retain top talent to our company. For the purpose of this report, Elkay has limited our analysis to our domestic operations because the international locations were not tracked through our domestic HR information systems for the 2018-19 period. Period 2018 includes our cabinet manufacturing locations; we sold that business at the end of 2018, so the 2019 reporting period does not reflect those locations.

### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** Elkay manages the fairness of race and gender equity of our total rewards and compensation by allocating fixed and variable pay based on the business strategy, HR strategy and Total Rewards strategy. The corporate compensation function is responsible for evaluating new jobs (exempt and non-exempt); managers and HR business partners are responsible for promoting employees and providing a compensation recommendation for jobs that currently exist within the organization; and HR business partners are responsible for hourly production compensation.

The corporate compensation function recommends compensation using a market data approach for job evaluations which ensures external competitiveness and internal fairness. To arrive at these recommendations, they purchase surveys that are nationwide and/or global in scope and are statistically validated by international consulting firms. They cover hundreds of employers and encompass thousands of employees and serve as the gold standard when evaluating labor budgets and jobs. The goal is to balance both external and internal pay equity. As a pay-for-performance culture, we differentiate individual compensation on performance, skill acquisition, behaviors and overall value added to the organization. Elkay is committed to building a culture of pay equity and leveraging data and technology to ease the continuous process. Our goal is to achieve pay parity (no gender disparity when adjusting for compensable factors).

### Disclosure 103-3: Evaluation of the Management Approach

**How do you evaluate this management approach's effectiveness?** Two ways that we determine whether our management approach is effective is if diverse candidates accept job offers based on compensation evaluations, and if we are losing diverse candidates due to compensation. Both metrics would be communicated by Recruiting and HR business partners to Compensation.

This analysis looked at the uncontrolled gender pay gap or opportunity pay gap only. This took the ratio of the median earnings of women to men at different management levels (as defined by our compensation structure) without controlling for various compensable factors.

When adjusting for compensable factors, the gender disparity in the United States is \$0.98. This is the metric we used to analyze our data. Our further review indicated that compensable factors such as performance, years of experience and tenure influenced the opportunity pay gap.

For total remuneration, differences are due to start date, termination date, performance, years of experience, tenure and management incentive plan assignment (corporate, plumbing, or commercial and interiors) if applicable.

We have been working to establish a process of continuous monitoring of pay equity influencing every job offer, every promotion and every merit increase cycle, including:

- Identifying technology to ease the analysis of data.
- Performing our analysis on the controlled gender pay gap, which controls for job title, years of experience, education, industry, location and other compensable factors. This measures equal pay for equal work.



## Supply Chain | International Labor and Environmental Standards

### Screening Practices for Human Rights and Child or Compulsory Labor

At Elkay, our mission states that, "We are family owned and believe our people and business partners are an extension of our family." We take pride in treating our people and our community as though they are part of a greater family, the Elkay family, and one of our core values is, "Our strength is in our people." These beliefs extend to our broader community of business partners. Because we are committed to being an ethical and responsible corporate citizen in every market we serve and to taking a sustainable approach in all of our business dealings, we take steps to ensure that our strategic partners share our commitment to having a positive impact at every touch point within our shared global community.

During the reporting period in question, Elkay did not enter into any new investment agreements or significant investment contracts in any region of the world where the protection of human rights, child labor or compulsory labor is of significant concern.

Outside the bounds of taking an ownership stake or making a significant capital investment in the operations of an outside business partner/supplier, Elkay requires all of our suppliers to carefully review and sign our rules of conduct for suppliers, as outlined in our Supplier Handbook. The rules of conduct cover labor practices, environmental standards and safety standards.

Specifically, Elkay will not knowingly enter into business relations with a supplier, subcontractor or business that:

- Directly or indirectly uses child labor.
- Makes use of any type of forced or involuntary labor (including slavery or human trafficking).
- Subjects its employees to any form of abuse, physical discipline or physical or psychological mistreatment.
- Does not comply with local laws regarding hours worked, overtime and days off.
- Does not undertake to comply with local environmental laws.
- Does not provide its employees with adequate safety and protective equipment.

To ensure that the products and components that Elkay sells have been produced under conditions that respect worker rights and the environment, Elkay requires that suppliers seeking to do business with us evidence their commitment to a set of basic standards. Elkay conducts a physical review of each new supplier to ensure that they meet our requirements with respect to applicable laws and working conditions, including laws against human trafficking and slavery.

In addition to the process of selecting new suppliers, Elkay engages in verification of the practices of our existing supplier base through periodic audits to assess risks and ensure compliance with laws and working conditions, including laws governing human trafficking and slavery.

Elkay also requires our suppliers to not participate in any form of bribery, kickbacks or corruption and not engage in any acts that would violate or cause Elkay to violate any law or regulation relating to anti-bribery, including the U.S Foreign Corrupt Practices Act.

Elkay will not knowingly work with suppliers that do not respect these standards and those of our customers. We will periodically assess supplier compliance with these standards. Any reported noncompliance will be investigated, and appropriate action will be taken.

Elkay attempts to work with suppliers to remedy violations when identified. If the effort to remedy the violation is unsuccessful, Elkay will evaluate the business relationship and take appropriate corrective action. Corrective action may include several actions, including cancellation of a purchase order up to termination of the use of a facility or supplier. If a supplier refuses access of the facility to our auditors, the relationship with that supplier will be terminated.

The supplier handbook was sent to 185 suppliers; 132 have signed affirming no child labor, no slave labor, no conflict minerals. This is 71% of suppliers and 82% of spend.

During the 2018-2019 reporting period, no negative labor- or environment-related findings were identified within the supply chain.

### Elkay Supplier Handbook Sent to 185 Suppliers

132  
Attested

**NO**

Child Labor  
Slave Labor  
Conflict Minerals

71%

of all  
suppliers

82%

of all  
spend

## Management Approach for Specific Standards 308-1, 308-2, 408-1, 409-1, 412-2, 414-1, 414-2

### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

**Why is the topic material to Elkay?** The international business standards listed above are material to Elkay because the conduct of our supply base reflects upon our own company and conduct. We are committed to being an ethical and responsible corporate citizen in every market we serve and to taking a sustainable approach in all our business dealings.

**Where does the impact occur?** The standards listed all pertain to the conduct of our international business partners.

### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** Elkay's supplier handbook clearly outlines its approach to managing these material topics. Supply chain partners are required to comply with the standards set forth within our supplier handbook. Supplier audits are conducted for all suppliers of significance (defined as those with whom we conduct significant ongoing business dealings) before a business relationship can ensue. Elkay engages in verification of the

practices of our existing supplier base through periodic audits to assess risks and ensure compliance with laws and working conditions (noted above), including laws governing human trafficking and slavery.

**What is the purpose of this management approach?** The purpose of this management approach is to identify and correct violations of international labor, safety and environmental standards across our supply base.

### Disclosure 103-3: Evaluation of the Management Approach

#### How do you evaluate this management approach's effectiveness?

In the monthly supplier management council, supplier performance is reviewed, any significant changes to supplier organization are discussed and deep dives on risk mitigation are performed on targeted suppliers. Potential actions for existing suppliers and need for replacement or second-source suppliers are defined. To better manage supplier information, Elkay has transitioned supplier data to a cloud application. Elkay supply chain now has access to system-generated reports highlighting gaps in supplier documentation, such as a signed supplier handbook, and certificates of insurance, leading to improved management of suppliers and their associated data.





301-1

## Materials Used by Weight or Volume

The numbers reported for our 2018-2019 period — our first year tracking these environmental metrics — reflect domestic figures only. Our plumbing operation did not track the status of materials for all purchasing dollars. Our commercial and interiors business tracked only non-renewables for the interior systems operation. In the future, we plan to extend tracking to measure both non-renewable and renewable materials for our entire global enterprise.

Elkay strives to use sustainable materials in our manufacturing and packaging to the degree possible to build a durable, lasting product and ensure that it reaches the end consumer in the high-quality condition that it left the factory.

During the 2018-2019 reporting period, the total weight of materials used to produce and package our products are as follows:

Type of materials	Elkay Plumbing		Elkay Interior Systems	
	2018*	2019*	2018	2019
Non-renewables (lbs)	55,628,254.98	42,457,667.52	25,012,237.81	22,948,670.85
Renewables (lbs)	6,495,870.27	6,172,754.64	Not tracked	Not tracked

\*Tracked materials only represent a portion of the purchasing dollars. Renewables were considered wood or pulp-based products; all other materials were considered non-renewable.

For reference, GRI defines renewable as material that is derived from plentiful resources that are quickly replenished by ecological cycles or agricultural processes, so that the services provided by these and other linked resources are not endangered and remain available for the next generation. Non-renewable is defined as resources that do not renew in short time periods. **NOTE:** Examples of non-renewable materials can include minerals, metals oil, gas or coal.

301-2

## Recycled Input Materials Used

In the domestic plumbing business\*, the primary material used in manufacturing is stainless steel, which is a highly recyclable material. The percentage of recycled input materials used to manufacture our primary products were as follows:

- 2018: 63%
- 2019: 51%

\*Recycled content was determined based upon steel, metal and corrugate purchases and was supported by information received by suppliers.

## Management Approach for Standard Section 301-1, 301-2

### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

**Why is the topic material to Elkay?** The topic is material to Elkay because as a manufacturer, we understand that the products that we produce and put out into the world can have a lasting impact on our environment. Tracking and improving upon material content metrics such as renewable materials and recycled content further Elkay's ability to participate in and champion a circular economy.

### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** The procurement team tracks purchases by material type, which is further analyzed for products that incorporate significant levels of recycled content or renewable materials. Per information reported by our suppliers, the steel, corrugate and metal materials and products that Elkay purchases incorporate recycled content. Renewable materials included in the data were limited to corrugated and wood purchases. Data granularity may be improved as we develop internal mechanisms to identify and track materials and suppliers that incorporate recycled content or renewable materials into the products supplied to Elkay. This data will inform how product specific recycled-content and renewable material goals influence our overall purchasing efforts and impacts.

### Disclosure 103-3: Evaluation of the Management Approach

**How do you evaluate this management approach's effectiveness?** For the period of 2018-2019 documented in this report, we only have data available from our domestic plumbing operations. Our goal is to expand this measurement to other parts of the business in future reporting periods. This information will further inform the strategy on product stewardship and goals regarding minimum level of recycled content in finished goods.

## Energy Consumption Within the Organization

The numbers reported for our 2018-2019 period — our first year tracking these environmental metrics — reflect domestic figures only.

During the 2018-2019 reporting period, our energy consumption metrics were as follows:

302-1: Electricity (kWh and GJ)				302-1: Fuel			302-1: Total			
2018	55,260,702.39	kWh	198,938.53	GJ	2018	995,024.53	GJ	2018	1,193,963.06	GJ
2019	35,779,331.34	kWh	128,805.59	GJ	2019	640,000.39	GJ	2019	768,805.98	GJ

### Management Approach for Standard Section 302-1

#### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

**Why is the topic material to Elkay?** The topic is material to Elkay because by measuring, monitoring and controlling our energy consumption we are able to reduce our overall environmental impact, including reducing greenhouse gas emissions (GHG) which is critical to our planet, as well as being a key metric our customers care about.

#### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** Elkay measures and monitors energy consumption as part of our overarching efforts to improve the efficiency of our operations, as well as their environmental impact. Elkay customers have expressed interest in this topic, further demonstrating to Elkay the materiality of energy consumption.

Resource consumption, including energy, water, and waste, are tracked internally by the corporate responsibility team. For the 2018-2019 report, only data from our domestic operations, including the cabinet business, was available. We plan to expand the boundary of this metric to include the global organization within the next two reporting periods. The data gathered for this metric provides the organization a baseline upon which reduction and efficiency opportunities may be identified and tracked. Specific goals and strategies to reduce resource consumption may be discussed in future reports as the management approach is refined.

Data regarding energy usage is based on utility invoices for electricity and natural gas and is reported per calendar year. Non-renewable fuel consumption data was limited to natural gas consumption. We plan to improve the granularity of this data during the next reporting period through site-specific energy audits. Consumption data is tracked per location per meter but is aggregated for the purposes of public reporting. The cabinet business was sold in early 2019; the divestiture of the assets associated with the cabinet business drastically reduced the energy consumption for domestic locations. This reduction was not the result of an efficiency, procurement or sustainability project. Data from 2019 onward will more accurately depict the environmental impact of Elkay's domestic operations.

Elkay recognizes the need for a formalized approach to tracking resource consumption and is actively building a management plan that includes roles and responsibilities, a data and reference library, and targets for developing a GHG inventory and reduction targets for both emissions and water withdrawal. Employees at all locations will be invited to participate in tracking and reducing resource consumption.

#### Disclosure 103-3: Evaluation of the Management Approach

**How do you evaluate this management approach's effectiveness?** For the period of 2018-2019 documented in this report, we only have data available from our domestic operations. Our goal is to expand this measurement to other parts of the business in future reporting periods.

## Water Withdrawal

The numbers reported for our 2018-2019 period — our first year tracking these environmental metrics — reflect domestic figures only.

During the 2018-2019 reporting period, our water withdrawal was as follows (in megaliters, by source):

Source	2018	2019
Third-party water (total)	298.95	248.11
Third-party water (areas of water stress)	0.31	0.23
<b>Breakdown of total water withdrawal from each source, in megaliters by the following categories:</b>		
Fresh water ( $\leq 1000$ mg/L total dissolved solids)	242.56	214.37
Other water	n/a	n/a

## Management Approach for Standard Section 303-3

### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

#### Why is the topic material to Elkay?

The topic is material to Elkay because by measuring, monitoring and controlling our natural resource consumption we can reduce our overall environmental impact and provide our customer data pertinent to their interests. The protection of water resources is critical to our planet and aligns with our business purpose to improve access to safe, healthy water for all.

### Disclosure 103-2: Management Approach/Components

#### How does Elkay manage this material topic?

Data regarding water usage is based on utility invoices, water and sewer use, and is reported per calendar year. Consumption data is tracked per location per meter but is aggregated for the purposes of public reporting. Accounting of water withdrawal occurs only at locations for which Elkay had access to and is responsible for managing.

The cabinet business was sold in early 2019; the divesture of the assets associated with the cabinet business had a sizable impact on Elkay's water withdrawals. This reduction was not the result of an efficiency, procurement or sustainability project. Data from 2019 onward will more accurately depict the environmental impact of Elkay's domestic operations.

Elkay uses a combination of municipal water and privately owned and managed well water. We plan to improve the granularity of water source data during the next reporting period through site-specific water audits at top-consuming locations. Information regarding water stress was gathered using WRI Aqueduct Mapping Tool. Identifying locations with increased water stress allows Elkay to prioritize locations for water audits and efficiency projects to decrease impact on the local ecosystem and community.

For the period of 2018-2019 documented in this report, we only have data available from our domestic operations, which

includes the cabinet business. Our goal is to expand this measurement to the global organization in future reporting periods. We will work to identify the source of water at each location during the 2020-2021 reporting cycle. We have not yet identified suppliers with significant water-related impacts in areas with water stress but will identify and work with those suppliers in the future. As large water withdrawals occur primarily at our manufacturing facilities, the corporate responsibility team will work closely with those facilities' teams to understand and improve water usage.

### Disclosure 103-3: Evaluation of the Management Approach

For the period of 2018-2019 documented in this report, we only have data available from our domestic operations. Our goal is to expand this measurement to other parts of the business in future reporting periods.

## Greenhouse Gas Emissions — Direct and Indirect

The numbers reported for our 2018-2019 period — our first year tracking these environmental metrics — reflect domestic figures only.

During the 2018-2019 reporting period, our energy consumption metrics were as follows:

305-1: Direct GHG Emissions			305-2: Indirect GHG Emissions		
2018	50,112.61	tonnes CO <sub>2</sub> e	2018	22,614.51	tonnes CO <sub>2</sub> e
2019	32,232.46	tonnes CO <sub>2</sub> e	2019	16,272.82	tonnes CO <sub>2</sub> e

Elkay completed a preliminary greenhouse gas inventory in early 2020, inventorying Scope 1 emissions (direct emissions from operations, e.g., natural gas, air conditioning, refrigeration, purchased gases) and Scope 2 emissions (indirect emissions from purchased energy, e.g., electricity) from 2018 and 2019. During this reporting period, Elkay underwent various organizational changes that impacted our ability to create a reliable baseline year. As such, in 2021, Elkay will be inventorying and analyzing greenhouse gas emissions across the current organization to establish a reliable baseline.



## Management Approach for Standard Section 305-1, 305-2

### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

**Why is the topic material to Elkay?** Analyzing and reducing greenhouse gas emissions is critical to Elkay's commitment of being an excellent corporate citizen. Tracking this metric also allows us to present relevant information to key stakeholders regarding our environmental impact.

### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** Elkay retroactively recorded and calculated 2018 and 2019 emissions. Due to the time between data receipt (i.e., utility invoices used for Scope 1 and Scope 2) and data recording, there were many periods (e.g., billing cycles) for which data was not available. This was mostly due to a lack of utility invoices that preserved energy data; while some of this data could be retrieved from utility companies, some were inaccessible. In the case of unavailable data, the period prior and after the missing period was averaged and used as representative data. Data was aggregated and converted into common units using unit conversions from the EPA Center for Climate Leadership Simplified Greenhouse Gas Calculator. Non-renewable fuel consumption was limited to natural gas consumption and was presumed to be used for heating and boilers. Gases included in the calculation were CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>. No biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent were reported. Our consolidated approach for emissions is based on operational control. While 2018 and 2019 Scope 1 and Scope 2 emissions calculations followed the GHG protocol, calculations in 2020 and beyond will adhere closely to the GHG protocol, including more thorough screening of fugitive Scope 1 emissions, and they will be governed by a formal inventory management plan.

### Disclosure 103-3: Evaluation of the Management Approach

**How do you evaluate this management approach's effectiveness?** In Elkay's 2020-2021 report, greenhouse gas emissions will be reported, and we reasonably anticipate that we will present a baseline year upon which reduction targets will be determined. Adherence to the inventory management plan and progress toward reduction targets will be indicative of the effectiveness of the management approach.



## Products and Services — Health and Safety Impacts

As mentioned below in Elkay's GRI 416 management approach, this section reports on Elkay's progress toward having product transparency documents for Elkay products. Elkay is striving to voluntarily produce Health Product Declarations (HPDs) for 80% of our products. During the reporting period, we

made significant progress toward achieving this goal. As we incorporate EIS product into this goal, we will measure and manage this category based on Elkay's product sustainability framework. This framework will be flexible enough to accommodate the wide variety of products Elkay manufactures,

while robust enough to ensure we are driving sustainable and impactful change throughout our organization and supply chain. Any updates will be outlined in Elkay's 2022 corporate responsibility report.

Five-year Goal: Develop Product Transparency Documents for 80% of Products Sold

2018 (specific to plumbing products)*	20%
2019 (specific to plumbing products)*	19%

\*Absolute number of products with Health Product Declarations remained static; the difference is the result of the mix of products sold.

## Products and Services — Incidents of Noncompliance Concerning Health and Safety Impacts

During the reporting period, Elkay has not been notified of any incidents of noncompliance related to the health or safety of our products.



### Management Approach for Standard Section 416-1, 416-2

#### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

**Why is the topic material to Elkay?** Elkay has a long history of providing safe, reliable products to the market that meet or exceed health and safety requirements. Most of the products we manufacture are certified to minimum safety and performance requirements through a robust regulatory process driven by mandatory requirements that range from building codes to federal or state legislative requirements. Accordingly, these requirements are driven into every product's life cycle, and we need to consider these health and safety requirements from product concept all the way through the use and disposal phases. These health and safety topics are of interest to all our customers.

#### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** In addition to the mandatory health and safety requirements we must adhere to, Elkay is working on voluntary sustainability initiatives to make sure our products are healthy and environmentally friendly. We are looking at both our products and the processes we use to manufacture them to ensure we are using sustainable principles whenever possible. From a product perspective, we have started by focusing our efforts on the materials we use and are using material disclosure documents, specifically Health Product Declarations (HPDs) to clearly identify all the materials we use. As part of this process, we intend to identify and replace any materials of

concern with healthier, more environmentally friendly materials. Accordingly, we will begin reporting our effective rate of products that have HPDs in Section 416-1. In the future, we anticipate being able to report more detailed information on materials and processes used.

#### Disclosure 103-3: Evaluation of the Management Approach

**How do you evaluate this management approach's effectiveness?** Our management approach is to meet all the regulatory requirements while voluntarily working to make our products and processes more sustainable. Accordingly, we will use this section of the report to document our progress on voluntary product-related initiatives.

### Products and Services — Requirements for Product Labeling

417-1  
417-2

Elkay currently has no requirements in place for product labeling or documentation related to product disposal or other environmental impacts. Accordingly, we will be working to implement such requirements prior to the next reporting period.

### Products and Services — Incidents of Noncompliance Concerning Product Labeling

During the reporting period, Elkay was not notified of any incidents of noncompliance related to product labeling requirements.



### Management Approach for Standard Section 417-1, 417-2

#### Disclosure 103-1: Explanation of the Material Topic and Its Boundary

**Why is the topic material to Elkay?** As part of Elkay's regulatory requirements, our products must contain certain markings including identifying who the manufacturer is (including applicable private labeling arrangements), the country of origin (or sourcing location) and various certification marks. Use of certain certification marks further requires the use of adequate warnings, primarily to protect individuals who might be servicing the product. As we expand our product sustainability initiatives as outlined in GRI 416, we plan to implement guidance documents that provide information to our customers on how to properly dispose of our products at the end of their useful life.

#### Disclosure 103-2: Management Approach/Components

**How does Elkay manage this material topic?** Since most of the current product labeling requirements are generated from our regulatory requirements, we won't report on them in this section. In future reports, we will use this section to track and report our initiatives to notify our customers and product users on how to properly dispose of our products at the end of their useful life.

#### Disclosure 103-3: Evaluation of the Management Approach

**How do you evaluate this management approach's effectiveness?** Our management approach is to meet all the regulatory requirements while voluntarily working to make our products and processes more sustainable. Accordingly, we will use this section of the report to document our progress on voluntary product-related initiatives.

[www.elkay.com](http://www.elkay.com)

**Questions about the information provided  
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