



CLEAN TWIST M
floor wiper



CLEAN TWIST
disc mop



Profi XL
floor wiper



Regulus Aqua
PowerVac
cordless
vacuum wiper



Pegasus
drying rack



Linomatic
rotary dryer



Soehnle
Style Sense
digital personal
scales



Soehnle
Airfresh
air purifier



SCALING UP SUCCESS

Sustainability report

2020

LEIFHEIT

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

As part of this sustainability report, the Leifheit Group has prepared for financial year 2020 a separate non-financial Group report as defined under sections 315b and 315c of the German commercial code in conjunction with sections 289c to 289e of the German commercial code (HGB), which is publicly available on the Leifheit website. This report was not subject to an external audit. The 2020 consolidated financial statements of the Leifheit Group and the corresponding combined management report, as well as the separate financial statements of Leifheit AG, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft.

Leifheit does not use any nationally or internationally propagated sustainability reporting framework for the separate non-financial Group report. However, we use the criteria stipulated by the German Sustainability Code and the standards of the Global Reporting Initiative (GRI) as a frame of reference. As a long-established, globally active company, Leifheit is committed to acting in a socially and ethically responsible way. Consequently, Leifheit's business practices are based on integrity, honesty, fairness and compliance with current laws. We have enshrined this fundamental approach in our [> Code of Conduct](#). Our principles are consistent with the Business Social Compliance Initiative (BSCI), the Conventions of the International Labour Organisation

(ILO), the United Nations Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, the UN Convention on the Elimination of All Forms of Discrimination against Women, the Principles of the UN Global Compact and the OECD Guidelines for Multinational Companies.

Materiality

In 2017, we initially held an internal workshop to define the focus of our sustainability concept with the goal of recording the sustainability aspects from our strategy that we deemed relevant, as well as stakeholder interests and demands. In a second step, the identified topics were additionally subjected to a materiality review in accordance with section 289c para. 3 of the German commercial code. Since then, this assessment has been validated annually, most recently at the end of 2020, as part of an internal workshop, attended by the members of the Board of Management and representatives of the management team from HR, Finance and Corporate Communications.

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

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The portions of the non-financial Group report in accordance with sections 315b and 315c of the German commercial code in conjunction with section 289c et seq. of the German commercial code in this report are marked with a vertical line. In this sustainability report, we also describe measures and initiatives by the Leifheit Group that demonstrate our wide-ranging commitment to corporate responsibility. Specifically, although respect for human rights in the supply chain is not materially relevant for the assessment of the Group's net assets, financial position and results of operations, we comment on this outside the non-financial report. > [Human rights](#)

External links guide readers to websites with further information that is not part of the non-financial Group report. For reasons of readability, we have not used both male and female gender descriptions in this report. At all times, however, we mean persons of both male and female genders.

Responsibility within corporate management

The Board of Management bears the ultimate responsibility for sustainable conduct. It defines the strategic focus of the Leifheit Group. Within the Board, the Chief Executive Officer and Chief Financial Officer (CEO/CFO) is responsible for matters related to corporate social responsibility (CSR).

Those in charge of the operational areas are responsible for implementing strategic measures in day-to-day business operations. Sustainability topics are not isolated in a separate department. Instead, they are conceptualised and handled in business processes. Sustainability reporting is handled by a staff unit headed by the CEO/CFO that coordinates the reporting process in close cooperation with the employees of various different operational areas.

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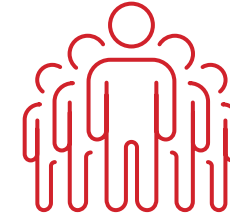
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The Leifheit Group is one of the leading European brand suppliers of household products. The company offers high-quality and innovative products and solutions that make everyday life at home easier and more convenient. The Leifheit Group divides its operating business into Household, Wellbeing and Private Label segments. Our core business consists of the Household and Wellbeing segments with the Leifheit and Soehnle brands – two of Germany's best-known brands in our market. Our products in these segments are known for high quality in connection with great utility for consumers. With our French subsidiaries Birambeau and Herby, we maintain a market presence in the service-oriented Private Label segment through a selected product range that is primarily marketed as private-label brands.

We focus on core areas of expertise in the product categories of cleaning, laundry care, kitchen goods and wellbeing across all three business segments.

The largest product categories are laundry care and cleaning products, which account for around 38% and 36% of turnover respectively. In Germany and many European markets, Leifheit is among the leading providers of cleaning appliances, especially the so-called floor wiper systems. We successfully entered the growth segment of wet-dry vacuum cleaners with the Leifheit Regulus Aqua PowerVac cordless vacuum cleaner in the reporting period and gained significant market share, particularly in Germany and Austria. We generate around 16% of Group turnover with kitchen



1,098 employees

Present in
more than
80
countries



products. The wellbeing category includes the Soehnle brand products and accounts for around 10% of turnover. Soehnle is the market leader for bathroom and kitchen scales in Germany. Here, we hold a market share of 40.8% for kitchen scales and 24.8% for bathroom scales. Soehnle is also among the leading providers in other European countries.

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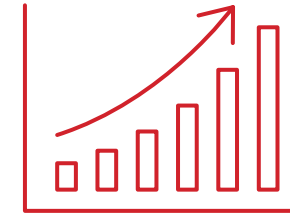
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The Leifheit Group employs some 1,100 people. Headquarters and management of Leifheit AG are still located in the place where the company was founded in Nassau/Lahn in the German state of Rhineland-Palatinate. We operate 14 locations and branches of our own, including five logistics and production sites in Germany, the Czech Republic and France. Production takes place at our own production plants, as well as at the facilities of suppliers located in various countries in Europe and Asia.

The Leifheit Group sells its products in more than 80 countries around the world. The key sales markets are our domestic market of Germany, accounting for a share of around 40% of turnover, and the countries of Central Europe, with a share of approximately 43%. The sales and distribution region of Central Europe includes the Netherlands, France and Austria, for example. In 2020, we generated around 12% of our turnover in Eastern European growth markets such as the Czech Republic, Poland and Slovakia.

We are focusing our sales and marketing activities on European target markets. In addition, we have intensified our distribution activities in the Asia/Pacific region since 2019. In other regions outside of Europe, such as in the US and the Middle East, we distribute our products mainly through distributors and conduct spot business if corresponding market opportunities present themselves. Non-European markets currently account for roughly 5% of Group turnover. Additional information can be found in the combined management report of the Leifheit Group in the chapter "Foundations of the Group". > [Annual financial report](#)

16%
turnover growth in 2020



90%
EBIT increase
2020

m€ 271.6
Group turnover



m€ 18.8
Group EBIT

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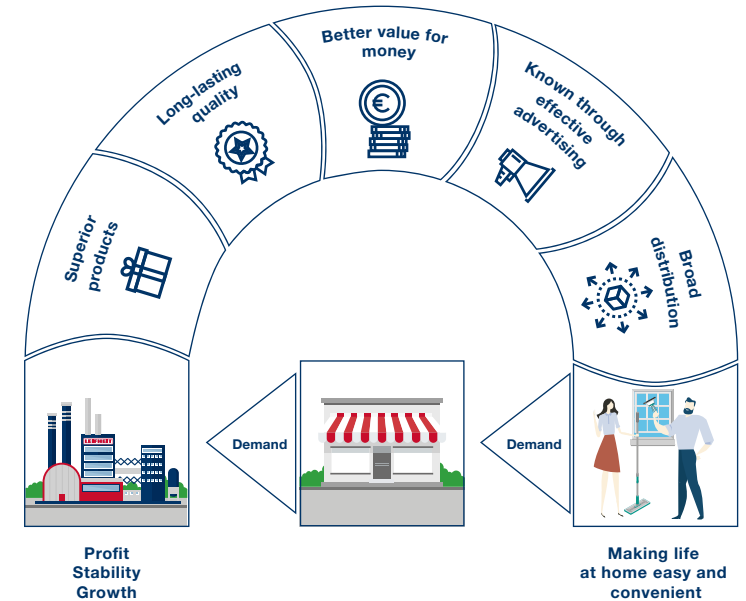
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For over 60 years, we have been helping to make everyday life at home a little easier and more convenient with our products. That is our mission. Through it all, our focus is always on the needs of consumers.

At Leifheit, multiple factors form the foundation for the further implementation of our business strategy: We have products that offer a high degree of consumer benefit and excellent quality, as reflected in excellent reviews. Many of our products regularly win top scores in tests by respected institutes. In 2020, Leifheit Group products received more than 25 awards (2019: more than 20 awards).

At the same time, we are well positioned in many European markets thanks to our two high-profile brands, Leifheit and Soehnle. Another important factor for Leifheit is its employees. Their specific expertise and dedication help the company to achieve its goals and targets. We aim to do an even more systematic and consistent job of building on our existing strengths – excellent products, strong brands and outstanding employees – to ensure sustained profitable growth going forward while also creating added value for consumers. For us, this means: **Scaling up Success.**



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Scaling up Success: strategic areas of action

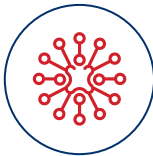
Through our Scaling up Success strategy, we are addressing four strategic areas of action and using them to derive our areas of action for sustainability:



Exciting consumers

Consumers are at the centre of all our activities. We offer them products of convincing, durable quality that make life at home easier and more convenient, along with best-in-class service and

attractive value for money. To raise awareness of our brands and significantly strengthen trust in our products among consumers, we are making targeted investments in tested and scalable consumer advertising.



Expanding distribution

Our distribution activities focus on leveraging distribution potential within sales structures and attracting additional bricks-and-mortar and online retail partners, both nationally and internationally.

Our investments in consumer advertising and our strengthened brands will help us in this process. In addition, we are helping to increase sales for our retail partners through joint marketing activities and POS campaigns.



Increasing profitability sustainably

We are focusing our activities on sustainable and profitable growth and are structuring our organisation accordingly. At the same time, we

are reducing complexity and optimising our cost structures throughout the value chain. In the process, we are sharpening our focus on our higher-margin, Europe-made core products. Through a focused approach to innovation, we are also gearing our research and development processes towards this goal.



Shaping culture

Our employees play a key role in the success of the company through their specific expertise and dedication. For this reason, we plan to continue boosting our attractiveness as an employer. We

are investing in our employees' personal and professional growth and are providing opportunities for training and education. At the same time, we aim to create a fun, friendly, fast and fearless corporate culture in which we pursue our goals with joy, speed and boldness and act accordingly.

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Risk management for non-financial aspects

Strategic management of opportunities and risks serves as the basis for the value-oriented development of the Leifheit Group. We have therefore set up a risk management system that helps us to identify risks early on, analyse them and take suitable measures.

More detailed information on the risk management system can be found in the combined management report of the Leifheit Group in the opportunities and risk report. > [Annual financial report](#)

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

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

Since 2019, the risk management system has also recorded and evaluated non-financial risks associated with the company's business activities, business relationships and products that could have an impact on the following aspects specified in section 289c of the German commercial code:

- Environmental issues
- Employee matters
- Social concerns
- Human rights
- Compliance (corruption and bribery)

These risks were previously recorded in a separate process.

In the reporting period, as in the previous year, no significant non-financial matters became known that result from the business activities of the Leifheit Group and that are highly likely to have, or will have, serious negative effects on the non-financial aspects presented in section 289c of the German commercial code.

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Dialogue with stakeholders is essential to responsible corporate governance. Leifheit therefore engages in constant exchange with all relevant stakeholders.

Our key stakeholders



**Consumers and
retail customers**



**Investors and capital
market participants**



Employees



Suppliers

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

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Consumers and retail customers

Consumers are the most important target group, and are at the centre of all our activities. We make targeted investments in consumer communication

and are constantly enhancing our consumer service. Through consumer research, we involve consumers in our product development process at an early stage. In addition, the analysis of product reviews on online portals gives us insights into how consumers perceive our products and our service. By closely interlinking our consumer hotline, the development team and quality management, we ensure that consumers' comments and criticism are taken into account.

Our websites > leifheit-group.com, > leifheit.com and > soehnle.com, as well as social media channels such as Instagram, Facebook, LinkedIn and YouTube, offer consumers various options for direct contact. For example, using relevant, channel-specific content that resonates with consumers' needs and provides them with inspiration, answers to their questions and solutions to their household tasks, we were able to increase our follower numbers on Instagram in 2020 by some 110%. Overall, our social media channels reached almost 63,000 subscribers in Germany alone by the end of 2020 – an increase of around 26% compared to the previous year.

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



Investors and capital market participants

Open communication with institutional and private investors, as well as with financial analysts, is a matter of course for us. We aim to provide the

capital market with information about all relevant developments and events at our company in a comprehensive, prompt and transparent manner. We are guided in the process by the provisions of the German stock corporation act and capital market law, the recommendations of the German Corporate Governance Code and the more far-reaching transparency standards of the German stock exchange for the Prime Standard segment, where the shares of Leifheit AG are traded.

The Board of Management is in direct contact with analysts and investors through analyst conferences and regular participation in capital market conferences, as well as one-on-one meetings. This was also the case at analyst and investor conferences, all of which were held virtually in 2020 due to the COVID-19 pandemic. Shareholders and their representatives were able to follow the Annual General Meeting in September 2020, which was held virtually in the reporting period, via a livestream on the internet. Even though, to protect everyone's health, the usual face-to-face contact with the company couldn't be arranged, the Board of Management fully answered questions submitted in advance during the webcast.

In the Investor Relations section > ir.leifheit-group.com we publish all key information related to our shares, the strategy and the key financial figures of the Leifheit Group, as well as the financial calendar, financial reports, quarterly statements, press releases and presentations. Opportunities to contact the company are also available there for people who have questions or comments.

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Employees

Against the background of the COVID-19 pandemic, open and trust-based communication with our employees was once again of particular importance in the reporting period. The Board of

Management regularly explained the Group's current business situation and key decisions or strategic measures to the workforce in order to give them the greatest possible security in these uncertain times. In this context, internal communications presented us with new challenges in the reporting period. For example, we were unable to hold any employee meetings, and it was also impossible to implement supplementary formats for information and dialogue, such as the "Lunch and Learn" events newly launched in 2019. They aim at promoting exchange between employees from different departments. Instead, the Board of Management regularly issued letters and personal video messages to the workforce.

At the same time, we have expanded our digital communication and collaboration. A modern collaboration platform which had already been introduced in 2019 for teamwork on projects, joint editing of documents, and video conferencing was a particularly advantageous asset during the pandemic in the reporting period. Employees without mobile devices are able to use their own hardware in their home offices, or have been equipped with new devices such as laptops or thin clients.

The annual appraisal meeting with direct supervisors continues to play a central role. Employees also have the opportunity to discuss their concerns with executives as senior as the Board of Management thanks to our "open door principle" – even in virtual form. In the reporting period we have continued to implement agile working methods, which we started in 2019. They are meant to contribute to the transparency of targets, progress and results through a weekly objectives and key results (OKR) report that is addressed to all employees at our locations in Nassau, Zuzenhausen and Blatná. > [Employee matters](#)

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Suppliers

Trust-based cooperation with suppliers enables us to achieve technical developments that result in an innovative portfolio and long-lasting products.

Sustainability topics such as saving materials and reducing the use of raw materials are taken into account in the development phase. ➤ [Procurement](#)

In the reporting period, Leifheit AG established a revised supplier management concept and a new supplier relations management (SRM) system. It will also help us achieve our objective of ensuring that our social and environmental standards are accepted and implemented in our supply chain. ➤ [Human rights](#) We have therefore set out the requirements for our suppliers in a Code of Conduct ➤ [Suppliers Social Code of Conduct](#).

General public

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

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Our brands

Our Scaling up Success strategy centres around the further expansion of our strategic core business involving the Household and Wellbeing segments. Through the significant strengthening of consumer advertising, we intend to systematically develop the Leifheit and Soehnle brands, enhance their profiles and boost their competitive positions.

Leifheit – How housework’s done today

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



Our brands



Soehnle – Passion for precision

Ever since it was first founded in 1868, the Soehnle brand has focused on precision, pronounced ease of use, innovative technology, excellent quality and durable design. Today – more than 150 years later – Soehnle is the market leader for kitchen and bathroom scales in Germany, and is one of the top suppliers in Europe. Our strength is precise measuring, weighing and analysis. This is what our brand stands for. From scales to new product categories such as air treatment, blood pressure monitors and the Soehnle Connect app, we draw on this expertise to specifically help people stay in shape and make conscious decisions to live healthier lives.

Marketing and sales

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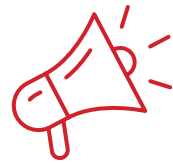
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Consumer at the centre

The consumer is at the centre of our Scaling up Success strategy, which we launched in 2019. We want to offer them excellent products of convincing, durable quality that make life at home easier and more convenient, along with best-in-class service and attractive value for money.



274%

more spending on
consumer communication

Consumers are therefore also at the centre of our marketing activities. To significantly strengthen consumer awareness of our brands and products, we intensified our consumer communications activities substantially in the reporting period. We invested heavily in TV advertising in Germany, Austria, the Netherlands, Belgium and other selected European markets in 2020. The TV advertising focused primarily on our proven Leifheit bestsellers produced in Europe, such as the Profi XL and CLEAN TWIST cleaning systems and the Pegasus laundry drying rack. However, innovative products such as the Regulus Aqua PowerVac cordless vacuum cleaner were also advertised on TV. We supported these activities with targeted online and offline advertising measures, as well as tailored POS and product presentation concepts for our retail customers. In addition, we initiated a major print campaign for

Soehnle kitchen scales in Germany for the first time. The intensified consumer advertising made a major contribution to increased demand for our Leifheit and Soehnle branded products and to the significant growth of 16.0% in Group turnover during the 2020 reporting period.



17%

turnover growth
Household segment



34%

turnover growth
Wellbeing segment

Quality in customer service

Our goal is to be close to the consumer, to react to enquiries as quickly as possible and to understand the current needs of our customers. We are constantly working to further improve our communication and our service. At the same time, our consumer service team works closely with the development department and quality management.

Increasingly, consumers are using social media platforms as a channel for interaction when they have questions or need help. We therefore improved our systems and strengthened our team in Germany in the reporting period so that we can offer a convincing service on these channels as well.

Germany's best customer hotline

IMWF Institut | FAZ-Institut:
1st place



Germany's most sought-after products & services

IMWF Institut / FAZ-Institut:
2nd place



The fact that our efforts are bearing fruit is demonstrated by the fact that we took first place in the "Germany's Best Customer Hotline" award in the household appliances segment in the reporting period. At the same time, our commitment to quality and consumer satisfaction is reflected in our second place finish in the household items category of the "Germany's Most Sought-after Products & Services" study. Both awards are presented by the IMWF Institut together with the FAZ-Institut.

Expanding distribution

We distribute our products through all relevant channels, from classic bricks-and-mortar retail to pure e-commerce. Our distribution activities focus on leveraging distribution potential within sales structures and attracting additional bricks-and-mortar and online retail partners, both nationally and internationally. During the reporting period, we were able to further expand our distribution in Austria, Switzerland and the Netherlands in particular. Our strengthened investments in consumer advertising will help us in this process.

One focal point in the 2020 reporting period was to create our own web stores for Leifheit and Soehnle products in Germany, which went online in early 2020. The online store for Austria was also developed in the reporting period and was launched in early 2021.

> leifheit.com, > soehnle.com

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Awards for brands and products

For many consumers, seals of approval are an important source of information when it comes to judging product quality. We too examine the various test results extremely closely and initiate measures to improve our products if necessary. In 2020, more than 25 of our products (2019: more than 20 products) were tested, certified or given awards for their innovation, user-friendliness or quality.

For example, testers at “Haus & Garten Test” magazine named the Leifheit CLEAN TWIST M Ergo floor wiper the test winner, earning it a score of “very good”. The magazine also tested the new Leifheit Regulus Aqua PowerVac cordless vacuum wiper and the Profi XL floor wiper, both of which were also rated “very good”. The CLEAN TWIST Disc Mop Ergo and our Nemo compact window and bath vacuum cleaner received good ratings in the test. From our dryer range, the Classic Extendable 230 Solid impressed the testers with a “very good” grade. Two ironing boards scored good results with the test magazine, with the Air Board M Solid Plus ironing board coming out as the price/performance winner.

In the kitchen products category, the new Leifheit Flip drinking bottles scored superbly well with the testers from “Haus & Garten Test”. “ETM Testmagazin” rated the Flip thermal mug “very good”. The Leifheit Comfort Line salad spinner, Knobi King garlic press and Leifheit all-purpose grater were rated “good” by “Haus & Garten Test”.

Soehnle brand products also received positive test ratings again in 2020, along with various certification and recommendation seals. Above all, the Soehnle Airfresh Clean Connect 500 air purifier made a great impression. It removes allergens from the air and combats viruses and bacteria effectively. Stiftung Warentest awarded it second place with a rating of “good” (2.5). The online platforms “Kidsgo” and “Alles Beste” also recommended the product.

Two bathroom scales received a “very good” rating from “Haus & Garten Test”: the Style Sense Safe 300 and the Style Sense Compact 300, which was also the price/performance winner. The testers also found the Shape Sense Connect 100 and Solar Fit body analysis scales to be “very good”; the latter even won the test, with a score of 1.1. In the kitchen scales category, two products from the Page series were rated “very good”: the Page Compact 300 and the Page Profi 100. The Soehnle Systo Monitor 200 blood pressure monitor emerged as the test winner with the grade “very good”.

Maximum trust

Deutschland Test | Focus Money
 Leifheit: 1st place | Soehnle: 5th place



When they buy our Leifheit and Soehnle products, consumers place their trust in our brands, in the fulfilment of our brand promises and in the quality and durability of our products. In the “Maximum Trust” study conducted by IMWF Institut für Management- und Wirtschaftsforschung on behalf of Deutschland Test and Focus Money, we ranked first with the Leifheit brand and fifth with Soehnle in the household items category. The study analysed statements in the categories of reliability, recommendation, trust and quality for approximately 17,000 brands from around 280 sectors and product groups.

Awards and certificates for Leifheit products¹

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¹ Selection for 2019 and 2020

Awards and certificates for Leifheit products¹

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CLEAN TWIST
Ergo Disc
mop system



CLEAN TWIST
M Ergo
mop system



Profi XL
Micro Duo
Aluminium
floor wiper



Regulus Aqua PowerVac
cordless vacuum wiper



Regulus PowerVac 2 in 1
cordless vacuum cleaner



CleanTenso
steam cleaner



¹ Selection for 2019 and 2020

² Tested on staphylococcus aureus bacterium as well as modified vaccinia virus Ankara with Micro Duo cover and Leifheit power cleaner (25 ml to 5 l water, water temperature 60 °C).

³ Tested on modified vaccinia virus Ankara with Leifheit Universal Cleaner (5 ml in 500 ml, max. water temperature 60 °C).

⁴ Tested on E. coli and C. albicans bacteria and on modified vaccinia virus Ankara.

Awards and certificates for Soehnle products¹

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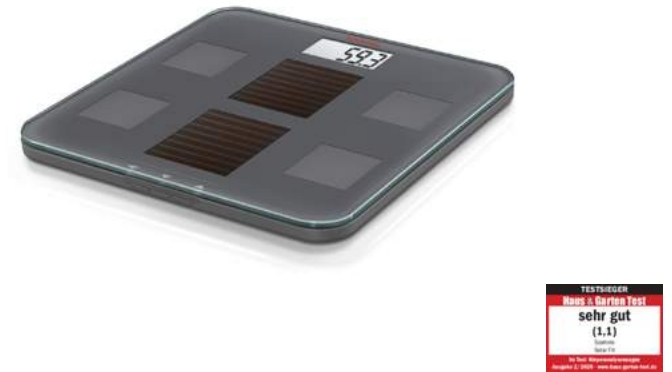
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Style Sense
bathroom scales



Solar Fit
bathroom scale



Page Profi
kitchen scales



Systo Monitor
blood pressure monitor



AirFresh Clean Connect 500
air purifier



¹ Selection for 2019 and 2020

² In test conditions, the system removes up to 99.9% of viruses (Coliphage phi X174) from the air. Tested in a test chamber at performance level 1 by HygCen Germany GmbH, Schwerin, an accredited medical product testing laboratory.

³ Tested by the Institute of Fluid Mechanics and Aerodynamics at the Universität der Bundeswehr München; with aerosol particles (ϕ 0.4 μ m) in a room with a capacity of approximately 60 m³ at performance level 4.

Innovation and product management

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We aim to develop products and solutions that make consumers' lives at home easier and more convenient. Consumer-relevant products and solutions play an important role in the further organic growth of the Group. Our Scaling up Success strategy focuses on the development of innovations with unique consumer benefits and tremendous market potential.

Innovation strategy and product development process

The innovation and product development process to achieve the growth targets is characterised as follows:

- focusing innovation resources on a limited number of major innovation projects
- intensifying consumer research in order to understand unsolved consumer problems and suitable and relevant potential benefits that are completely new for consumers
- upholding proven Leifheit strengths of excellent practicality and product durability combined with functional yet aesthetically appealing design as a foundation
- focusing on modular and platform systems to cover customer requirements more extensively and ensure efficiency
- introducing modern, agile working methods to do an even more targeted and efficient job of meeting consumers' needs

*Tested on modified vaccinia virus Ankara with Leifheit Universal Cleaner (5 ml in 500 ml, max. water temperature 60 °C) in laboratory conditions.

For hygienic cleaning:

Leifheit Regulus Aqua PowerVac cordless vacuum wiper



The Leifheit Regulus Aqua PowerVac cordless vacuum wiper vacuums and wipes at the same time, removing up to 99%* of relevant viruses.

In order to give consumers an even better understanding of the benefits of our products, we are intensifying our focus on developing and substantiating relevant and easily-understood claims, i.e. the key product benefits. For example, we were able to use scientific methods to prove that Leifheit's new, innovative Regulus Aqua PowerVac cordless vacuum wiper, which vacuums and wipes at the same time, can combat up to 99%* of relevant viruses. Similarly excellent hygiene performance was also achieved by other Leifheit cleaning products, such as the CleanTenso steam cleaner and the Profi XL floor wiper. The Soehnle air purifiers have also been scientifically proven to provide effective protection

against airborne viruses and bacteria. Information on the innovation strategy can be found in the combined management report of the Leifheit Group in the chapter “Foundations of the Group”. > [Annual financial report](#)

Our products

We set high standards for our products in terms of their quality and workmanship, but above all their functionality and the results they provide for consumers. Many of our products work without electricity. As a result, our Leifheit rotary dryers and laundry drying racks are much more eco-friendly than electric dryers that consume electricity. If the use of electricity cannot be avoided, such as with our electrical cleaning appliances, we look – whenever possible – to efficient, energy-saving systems that can be powered with batteries instead of appliances that consume a great deal of electricity provided by mains. Another consideration is the energy savings associated with the manufacture and use of our products. A central aim is to manufacture long-lasting products, as a long product life cycle likewise markedly improves our products’ eco-efficiency. As anchored in our strategy, we want to achieve this objective by ensuring the high quality, functionality and durable design of our products.

Sustainability aspects in product development

We provide durable, high-quality products. They should offer excellent benefits while also having a minimal impact on the environment – during production, in use and after disposal. We start laying the groundwork for achieving this goal while creating our products. Various company departments work efficiently hand in hand. Development and product management take an in-depth

look at consumers’ needs when it comes to their daily housework. They use this information to make potential improvements to existing products and assess opportunities for new solutions. On this basis, designers and developers work together on innovative ideas and new concepts. A network of international suppliers and innovation partners support us in implementing our ideas. Consumers, whom we involve in our product development process at an early stage by way of consumer research and usability tests, provide us with important feedback. Our expertise in design helps to ensure that our products are not only easy and convenient to use, but also aesthetically appealing to create a pleasant user experience in every regard.

Durable, functional, sustainable:

Leifheit Linomatic rotary dryer



Around 13% of annual electricity consumption in private households is spent on washing and drying. When it comes to drying laundry, sun and wind do a good job. Up to five washing machine loads can be dried on the Leifheit Linomatic rotary dryer – without any electricity. Not only does this save money, it also saves CO₂. We produce Linomatic rotary dryers at our headquarters in Nassau.

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Even after launch, we remain close to consumers and their needs. To this end, we rely on our consumer hotline and on evaluating product reviews and star ratings in online portals. Leifheit and Soehnle products generally achieve more than 4 out of 5 stars, which reflects the superb usability and quality of our products. At the same time, we examine the results of various test institutes and magazines. In 2020, many of our products were once again tested, certified or received awards for their innovation, user-friendliness or product quality. > [Awards for brands and products](#)



More than **25**
 awards for products

We remain pleased with a low complaint rate of only about 1% in the reporting period. Incoming product complaints are immediately analysed by a permanent quality control team, and direct measures for improvement are introduced where necessary. All of these measures help us to constantly improve the practical utility and quality of our existing products while also quickly launching demand-driven innovations.

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

We start laying the groundwork for conserving resources during production in the development and design phase. Our objective is to engineer plastic and metal pieces in a way that makes it possible to manufacture them through an efficient use of materials and with a production set-up that uses as little energy as possible. Computer simulation programs help engineers design parts that are highly durable and as light and material-saving as possible, and assist in optimising the plastic injection process in a way that enables us to use injection moulding machines which are as small and energy-efficient as possible.

During the development phase, we also review the extent to which recycled materials can be used in production. For example, nearly all excess material, such as casting parts, is reused during the plastic injection moulding process. As a result, most of the plastic parts we produce are made up of roughly 5% to 15% recycled materials.

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

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

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Product safety

It is our aim to rule out health and safety risks for consumers. We therefore test our products extensively. Independent testing institutes such as Intertek, SGS, Eurofins or TÜV are also involved in the process. Many of our products undergo GS testing, for example. The globally recognised GS mark confirms that our products meet the quality and safety standards of the German product safety act (ProdSG).

Packaging

We want to make a contribution to sustainability in the area of packaging and logistics, as the growing trend towards online shopping is leading to a significant increase in packaging waste. The task of our packaging designers is to develop product packaging with the general proviso that it should be resilient enough for direct shipping and therefore require no, or only minimal, additional material for transport. Our packaging also needs to fulfil several functions at the same time, such as product protection, transport and storage, as well as information and advertising. The packaging for the new CLEAN TWIST floor wiper system, for example, has achieved outstanding success in meeting these diverse requirements. Through the targeted use of materials and a consistent focus on optimising packaging for shipping, we were able to reduce the transport volume for this product and for the packaging waste by around 50%.



Packaging optimisation for the CLEAN TWIST M Ergo cleaning system: less shipping volume and packaging waste.

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The Leifheit Group has three production sites of its own. They are situated in Nassau (Germany, home of Leifheit AG), in Blatná (Czech Republic) and La Loupe (France). Blatná is the Group's most important production location and is where the majority of our in-house production activities are concentrated. In financial year 2020, about 52% (2019: about 54%) of the goods we supplied were manufactured using the Leifheit Group's own production capacities within the Leifheit Group. We pay attention to high levels of efficiency in production processes and in the use of materials and energy. With the help of lean management and the 5S methodology, we want to further improve our processes, reduce waste and make our value chain more efficient. At the same time, we are raising our production output to ensure sustainable growth.

We also rely on a network of partners and suppliers, especially in Eastern Europe and Asia. Fast and efficient logistics are essential to the international growth of the Leifheit Group. Our central

distribution centre in Zuzenhausen, with its logistics satellite in the Czech Republic (Blatná) and a logistics platform in Asia, form the foundation for the efficient and on-time global distribution of our products.

Our organisational structures and SAP-based processes enable us to respond flexibly and efficiently at our production sites and logistics centres to market and customer demands. We are therefore equipped for further growth and can rise to the complex logistical challenges posed by the increase in digitalisation and e-commerce.

Procurement

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

In the reporting period, Leifheit AG established a revised supplier management concept and a new supplier relations management (SRM) system. It will also help us achieve our objective of ensuring that our social and environmental standards are accepted and implemented in our supply chain.



The Leifheit Group has
5 logistics and
 production sites
 in Europe.

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In 2020, the impact of the COVID-19 pandemic on the global supply chain presented us with particular challenges in procurement management. Thanks to a consistent focus and our long-standing, stable relationships with our supply partners in Asia and Europe, we managed to secure the supply of the goods we needed and make a successful contribution to the implementation of our growth strategy.

Logistics

The Leifheit Group's central logistics hub is the distribution centre in Zuzenhausen, in the north of the German region of Baden, where we employed 122 people at the end of 2020 (2019: 120 employees).

In the reporting period, we further improved our logistics processes at this location using the 5S methodology to increase efficiency so as to meet the demands associated with the growth of e-commerce. The measures to contain the COVID-19 pandemic and the temporary closure of businesses in many of our markets led to a significant increase in parcel volumes in e-commerce and in deliveries directly to consumers during the reporting period. Thanks to our optimised processes, we were able to handle these volumes efficiently.

By continuing with a system – first begun in 2019 – to consolidate the shipments that used to be handled through shipping company platforms, we further improved the delivery quality and punctuality of our shipments to customers in the reporting period. We were able to shorten our internal delivery process in the order flow by one day, allowing us to supply our customers more quickly.

As part of a freight tender for all European overland transport, we were able to integrate two new experienced shipping companies with strong European, international networks into our freight

portfolio. This enables us to meet the increasing demands made on delivery performance from an economic perspective.

The use of Pick-by-Vision as an innovative part of picking and warehousing processes aided by augmented reality was expanded in the reporting period, leading to the expected efficiency and quality gains in logistics.

Since 2016, our logistics activities have been complemented by the Leifheit Distribution Center Eastern Europe at our location in Blatná, Czech Republic, which features 4,500 square metres of logistics space. As a result, we have been able to directly link the Eastern European growth markets to production, enabling us to shorten delivery routes to our customers and reduce our annual CO₂ emissions. With the successful introduction of SAP ERP at the Blatná location in the reporting period, the existing SAP-based logistics processes were integrated into the complete production value chain and materials management. This has led to fast, error-free and efficient processes along the entire supply chain. The growing e-commerce business, direct delivery to consumers by the two web stores in Poland and the Czech Republic, and the direct distribution of large-scale European campaigns have also been successfully expanded.

Thanks to its distribution activities in the Asia/Pacific region and the distribution company Guangzhou Leifheit Trading Co., Ltd. founded in 2018, the small logistics hub set up near Ningbo in eastern China has been able to partner with a logistics service provider. This allows selected product ranges to be shipped from there to customers in the Asia/Pacific region via short transport routes, contributing to growth in this region.

Manufacturing and production

Measures aimed at increasing resource efficiency in production help us to strengthen our competitiveness while also reducing the impact on the environment. Our goal is therefore to focus on lean and efficient production while also ensuring process stability and our ability to deliver. This is why we use lean management and the 5S methodology, and continually invest in improving our production plants.

This is especially true at our Czech location in Blatná, the largest plant within the Leifheit Group. Our subsidiary Leifheit s.r.o. employed 453 people there as at the end of 2020 (2019: 436). Measuring roughly 25,500 square metres, the plant in Blatná, Czech Republic, produces laundry dryers, ironing boards and cleaning appliances in particular. Thanks to our successful TV campaigns, our focus at this location has been on catering to the sharp increase in demand for our best-selling products. We also launched measures to increase resource efficiency in all production areas in line with a defined set of processes, provided theoretical training and, in some cases, put them into practice. Lean and efficient processes result in a lower impact on the environment, which also ensures process stability and our ability to deliver.

In the reporting period, we made targeted investments in ten new injection moulding machines to expand and replace older and worn-out equipment. Now that they have been installed, we can meet expected growth in 2021 by being able to adapt capacity to suit demand without incurring high costs for transport and external production. At the same time, the infrastructure of the injection moulding area was modernised and expanded. Frequency-controlled pumps now provide better energy efficiency when cooling the equipment and drying the plastic.

We launched new projects in the cleaning product category, with cellular manufacturing located directly in the injection moulding area. All semi-finished parts are now manufactured synchronously and converted into finished goods in the cell. This has enabled us to significantly reduce in-house transport and storage costs. In the powder-coating process, the slides were adapted to the maximum size of the equipment, which enabled throughput to be increased by a further 10%. Furthermore, synchronising prefabrication with final assembly makes a significant contribution to reducing storage requirements and shortening transport distances.

Additions throughout the prefabrication and final assembly areas were newly procured and commissioned in line with capacity, with the aim of having all the necessary manufacturing equipment available in good time for financial year 2021. For 2021, we plan to expand with universally usable, integrated cellular manufacturing on product platforms. This will replace labour-intensive jobs through the targeted use of automated assembly machines. At the same time, we are tailoring employee qualifications to suit the requirements of the automated systems and associated processes through sourcing and training measures as part of a personnel development project launched in the reporting period. In addition, shift systems are to be made more flexible by extending working hours to up to seven days per week and 24 hours per day.

In Nassau/Germany, Leifheit AG operates an injection moulding plant and a highly automated production line for rotary dryers with 56 employees (2019: 57 employees). Constant technical improvements to equipment and our employees' outstanding professionalism and flexibility made it possible to produce large quantities at this location without downtime.

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Our French subsidiary Herby, located in La Loupe, chiefly produces tower dryers, classic dryer racks and wall dryer racks for the Private Label segment. As at the end of financial year 2020, it had 76 employees (2019: 81 employees). The integrated manufacturing process includes metal forming, surface finishing and injection moulding.

Efficiency through digitalisation

Further improving the efficiency of our internal processes is a strategic goal. We have analysed and further improved our processes with the help of process mining and the transparent presentation of process cost analyses by optimising the order-to-cash (OTC) process at the point where distribution and logistics information intersect. In particular, we further expanded the standardisation of SAP scheduling with order processing times, integrated freight cost controlling systems with a service provider interface, and fast and lean incoming order processes with the complete integration of SAP ERP at the Blatná location in 2020. These improvements result in faster, error-free and efficient processes along the supply chain. In the reporting period 2020, we also introduced SAP-based customs software to help us carry out all customs and foreign trade procedures in accordance with the law.

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Environmental and climate protection, as well as resource efficiency, are important goals for Leifheit. When developing our products and operating our production plants, we ensure that the impact on the environment and climate is kept as low as possible and that our products make a positive contribution to environmental and climate protection for our customers. Every employee has a responsibility to use natural resources sparingly and to contribute to environmental and climate protection through their individual behaviour.

We expect the same from our suppliers. They are required to comply with current environmental legislation, as well as procedures and standards for waste management, the handling and disposal of chemicals and other hazardous substances, emissions and wastewater treatment. We pay particular attention to the protection and preservation of natural resources while also promoting environmentally and socially responsible production. We have laid down these requirements in our Code of Conduct for suppliers. By introducing the Supplier Relations Management (SRM) system at Leifheit in the reporting period, we want to ensure that all new suppliers confirm compliance with this Code of Conduct and therefore promote the acceptance and implementation of environmental standards in our supply chain.

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Efficient use of resources without compromising on quality

One of our important strategic goals is a high level of efficiency in the value chain. In addition to efficient processes, the continuous improvement of resource efficiency in production plays an important role in this. This not only helps to protect the climate and the environment, but also saves costs and guarantees our competitiveness. We therefore emphasise the efficient use of materials in the manufacturing of our products in order to counteract the growing scarcity of resources and rising prices of commodities – something we already take into consideration during the product development phase. At the same time, it is of the utmost importance to us that we continue to live up to our high standards for product quality, functionality and durability.

Consumption data development

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

Energy and electricity consumption

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

Total energy consumption in the 2020 reporting period was 37,721 MWh, representing a slight rise of 2% in absolute terms compared with the previous year. The reduction in fuel consumption was mainly due to a drop in travel activities as a result of the pandemic. Electricity consumption rose by around 8% due to increased production activity at all locations. Energy consumption per m€ 1 of turnover dropped by around 12% compared to 2019.

The percentage of electricity from renewable sources depends on the electricity mix of our energy suppliers. In Germany, that figure stood at around 67% in 2020 (2019: roughly 66%). The calculations are based either on measurements or on the consumption bills from the utility companies.

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Energy consumption within the organisation

Energy consumption		2017	2018	2019	2020
Fuel	MWh	1,450	2,262	2,142	1,672
Electricity	MWh	15,807	15,943	15,457	16,467
Heating energy	MWh	17,834	17,431	19,445	19,582
Total energy consumption	MWh	35,092	35,568	37,044	37,721
Electricity needs in relation to the semi-finished products or goods used and processed		kWh/kg	1.05	1.07	1.01
Energy consumption per m€ 1 turnover	MWh	148	152	158	139

Water consumption

Water is used in production mainly for cooling during the injection moulding process and for cleaning metal parts in the powder-coating process. Water consumption fell by around 7% in the reporting period compared to the previous year. Relative consumption per m€ 1 of turnover decreased by 20%.

Water is sourced exclusively from municipal water supplies. Measurements form the basis of the calculations. The disposal methods are employed directly by the organisation or otherwise confirmed directly.

Water withdrawal by source

Water withdrawal		2017	2018	2019	2020
From municipal water supplies	m³	13,458	13,724	14,673	13,636
Water withdrawal per m€ 1 turnover	m³	57	59	63	50

Resource efficiency

In financial year 2020, we used a total of 18.7 kilotonnes of materials (2019: 17.3 kilotonnes) in the manufacturing of our products. The majority comprise metals in the form of steel and aluminium, as well as plastic granulate and paper and packaging material. Consumables and supplies, in addition to electronic components, are used as well. Consumption rose by around 8% in the reporting period compared to the previous year. Relative consumption per m€ 1 of turnover decreased by 7%.

Materials used

Use of materials for manufacturing and packaging products		2017	2018	2019	2020
Raw materials	kg	4,981	4,890	3,997	4,432
Consumables and supplies	kg	50,920	52,879	44,229	45,126
Semi-finished products or goods	kg	15,038,349	14,969,730	15,348,864	16,607,706
Packaging material	kg	1,929,988	1,892,545	1,889,488	2,070,261
Materials used per m€ 1 turnover	t	72	72	74	69

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Amount of waste

Total weight of waste by type and disposal method

Type of waste	Disposal method		2017	2018	2019	2020
Hazardous waste						
	Landfill	t	72	82	47	55
Non-hazardous waste						
	Reuse	t	446	618	555	605
	Recycling	t	860	780	948	1,147
	Composting	t	95	134	187	184
	Incineration (mass burn)	t	314	296	374	394
	Landfill	t	75	21	37	22
Waste per m€ 1 turnover		kt/ m€ 1	8	8	9	9

In the reporting period, 2.4 kilotonnes of waste were generated, a rise of around 12% compared to the previous year. Waste in relation to turnover remained at the level of the previous year. Waste is recycled and reused to a large extent. In the reporting period, recycling and reuse accounted for around 73% of total waste (2019: around 53%). Only small amounts of hazardous waste are generated during the production process, and they are disposed of in line with statutory regulations at specified landfills. No hazardous emissions occur during the manufacture of our products.

Dual system

The reuse and recycling of packaging as part of the dual system plays an important role in saving energy, resources and emissions. Recycling is geared towards harvesting secondary raw materials, such as plastic regranulate, that can be used to make new products. The use of secondary raw materials therefore saves primary raw materials such as mineral oil, thereby reducing greenhouse gases. Leifheit AG works with “Der Grüne Punkt” to recycle packaging within the scope of the dual system.

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A comprehensive DIN EN 16247-1 energy audit was carried out at our locations in Germany and Blatná in the Czech Republic in 2019 in accordance with the statutory provisions (sections 8 et seqq. of the German act on energy services and other energy efficiency measures (EDL-G)). The next energy audit is planned for 2023.

The energy audit resulted in a variety of measures for reducing energy consumption that we are successively implementing at our locations in Nassau (Germany), Zuzenhausen (Germany) and Blatná (Czech Republic). They include

- switching the lighting in the office and production areas to energy-efficient LED technology in connection with a daylight-based lighting system controlled by sensors,
- reducing the amount of energy used for heating by renewing large glass facades in the plant area and in the canteen,
- reducing heat loss by way of double and high-speed doors, as well as adjustments to facility temperature,
- regularly inspecting and updating or replacing compressed air and heating systems,
- raising awareness and training employees as part of our continuous improvement process with a view to energy efficiency, lighting and heat loss when setting machines, for example.

The system technology in our production areas also undergoes regular inspections that focus on efficiency and sustainability criteria. Any measures to improve on these issues that are identified during the inspection process are systematically taken. In this context, we invested in nine new, energy-efficient hybrid injection moulding machines for plastics manufacturing in Blatná in 2020. Due to lower power consumption and faster cycle times compared with the purely hydraulic systems previously used, we expect to achieve energy savings of up to 15% with the new injection moulding machines. By implementing lean production in injection moulding manufacturing, we were able to reduce transports to and from the warehouse by more than 60% in the relevant product areas.

With the help of 5S methodology, various measures were identified in the reporting period and have in part already been implemented. These contribute to more efficient in-house supply logistics and greater availability, leading to a reduction in plant operating times. We will continue these measures in 2021. Closed-circuit cooling systems in plastics manufacturing at all our production locations also conserve water resources and ensure a high degree of energy efficiency.

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Employee matters

HR strategy Focus on employee attractiveness

Highly trained and motivated employees are essential to our ability to achieve our ambitious operating and strategic targets. Demographic developments and the associated increased shortage of highly qualified workers, which is particularly noticeable where technical professions are concerned, are a key challenge. Our strategic HR work allows us to rise to the challenges presented by the labour market. We invest in our employees and provide opportunities for training and development.

At the same time, we aim to create a fun, friendly, fast and fearless corporate culture where we pursue our goals with joy, speed and boldness. Our vision is for our employees to tackle the challenges they face with a sense of fun and joy, and with speed and confidence, as we want to leverage our company's potential even better in future. In the area of operations and at its intersections, we give responsibility to teams across different disciplines and hierarchies with the help of tools for agile working.

We are making a special effort to recruit and retain good staff in the long term. For example, we offer various opportunities for development, despite our relatively small company size and flat hierarchies. We aim to offer all our employees competitive remuneration and prize diversity among our staff. To ensure that all employees can perform to their full potential, we strive to create a safe and suitable working environment.

We allow for flexible working hours as well as the possibility of working from home for appropriate positions. Against the backdrop of the COVID-19 pandemic, we changed our collaboration and procedures in the reporting period to enable as many colleagues as possible to work from home. We were also able to offer flexible and family-friendly solutions to employees affected at short notice by school or nursery closures. For example, we gave employees who were unable to work from home up to five days' paid leave to organise childcare.



1,098
 employees



31
 trainees



11.7 years
 average length
 of service

Protecting the workforce takes priority

We want to promote the health of our employees and help them sustain their performance in the long term. In the reporting period, the safety and health of our workforce became even more important than before due to the impact of the coronavirus pandemic.

At our locations we adopted a wide range of preventive measures to protect our employees, following, or frequently even exceeding, the recommendations and rules issued by the authorities. These included additional cleaning and hygiene measures, installing hand sanitiser dispensers, observing social distancing rules, wearing protective face masks, separating groups of employees from different shifts, and the flexible use of our Soehnle air purifiers.

As far as possible, we are avoiding physical meetings and business trips that are not absolutely essential. We have even reduced visits by external guests to an unavoidable minimum. Employees who can work from home have been encouraged to do so.

Activities previously offered as part of the company health management scheme, such as a rotating sports programme or health days, could not be held in the reporting period due to the COVID-19 pandemic. Employee initiatives, such as taking part in company running events, were also not possible in the reporting period.

Lost time injury rate (LTIR) per 100,000 working hours	2018	2019	2020
All regions	2.1	2.2	1.5
Germany	1.4	1.7	1.7
Czech Republic	1.9	2.2	1.6
France	4.2	3.4	1.1

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

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

When calculating the lost time injury rate (LTIR), we include work-related accidents that result in at least one day of absence from work and place them in relation to 100,000 working hours. An injury is considered a work-related accident if it arises from the type of and during the work performed, including accidents on

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company premises and on business trips. Accidents that occur during the commute to and from work are not included. Incidents requiring first aid are usually not reflected in the calculations, as they normally do not result in an absence of more than one day. When compiling and reporting information on work-related accidents, we follow the respective statutory requirements. The legislation in the European Union corresponds to or goes beyond the Code of the International Labour Organisation (ILO).

Employee structure of the Leifheit Group	31 Dec 2017	31 Dec 2018	31 Dec 2019	31 Dec 2020
Group	1,137	1,119	1,106	1,098
Household	930	905	906	914
Wellbeing	48	56	52	47
Private label	159	158	148	137
Germany	412	420	413	403
Czech Republic	500	454	457	473
France	163	162	153	142
Other countries	62	83	83	80

Characteristics of the Leifheit Group workforce		2017	2018	2019	2020
Average length of service in years		11.0	11.6	12.0	11.7
Age structure of employees					
under 30 years	in %	17	15	14	16
30 to 40 years	in %	22	21	20	20
40 to 50 years	in %	26	26	27	28
50 to 60 years	in %	30	30	30	28
over 60 years	in %	5	8	9	8
Average age	in years	43	44	44	44
Percentage of women in the workforce	in %	50	50	50	49
Percentage of women at the first management level	in %	14	14	21	27
Number of trainees		27	29	34	31
Part-time employees		72	86	90	82

Diversity and equal opportunities

Leifheit aims for diversity in its workforce

The Leifheit Group is active in many different countries. Being open towards people from a wide variety of regions and cultures is therefore essential to our success. We foster a working environment that welcomes diversity so as to benefit from our employees' different personal abilities, talents and experiences. In doing so, we do not tolerate any kind of discrimination, and we are committed to equal opportunity, regardless of age, gender, religion, ethnic origin or sexual orientation. As in the previous year, no cases of discrimination in the Leifheit Group were brought to the attention of the ombudsman, the works council, HR management or via the Integrity Line in the reporting period.

Diversity management

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

01 Gender diversity

We try and ensure an appropriate proportion of women to men at the company. Their ratios as a percentage of the workforce are already balanced. In the reporting period, women accounted for 48.7% of the workforce at the Leifheit Group (2019: 50.4%). We also want to see the diversity of our workforce reflected at management level. However, our focus when hiring new employees is always on their individual qualifications, as well as their personal, social, business and methodical skills and abilities. After all, we aim to fill any vacancy with the best candidate.

As a listed company, Leifheit AG complies with the legal requirement that it set targets for the proportion of women on the Board of Management and at the top two management levels. Due to our flat hierarchies, we limit our targets to the level immediately below the Board of Management. The target for the proportion of women at this management level has been set at 14.29%. It was exceeded at year-end 2020 with a share of about 27%.

02 Age structure

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

The high number not only of young people who want to stay with the company after completing their training or internship, but also of long-serving employees, proves that Leifheit is an attractive employer capable of retaining people from different age groups.

03 Internatio- nality

The Leifheit Group supplies its products to some 80 countries around the world. At the same time, the company employs people in nine different countries. As at the reporting date of 31 December 2020, our Group's workforce includes 34 different nationalities, including 24 nationalities at our German locations alone.

Promoting internationality and cooperating across borders and cultures is fundamental to the successful expansion of our international business.

Fair and competitive remuneration

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

Remuneration of the Board of Management and the Supervisory Board aims to support the successful development of the company in the long run. The remuneration of the Supervisory Board is set by the articles of incorporation of Leifheit AG. In addition to the reimbursement of expenses, and a flat rate for office expenses, the Supervisory Board receives fixed remuneration, attendance fees and short-term performance-related remuneration. The Annual General Meeting also resolved to give the Supervisory Board long-term variable remuneration within the framework of a Long Term Incentive Program (LTIP).

The remuneration system for the Board of Management consists of three components: a fixed basic remuneration component and two variable remuneration components – a short-term incentive (STI) and a long-term incentive (LTI). The remuneration report, which is part of the combined management report in the [> annual financial report](#), includes a detailed description of the Board of Management's remuneration system as well as of the Supervisory Board's remuneration.

Training and education

Competencies for a successful corporate culture

In 2015, Leifheit developed a competency model that defines the company's interdisciplinary, company-specific expectations of its employees and management personnel. The defined competencies provide guidance with regard to the required behaviour in daily working life, and form the foundation on which cooperation at the company is built. They provide an important basis for the tools used in our HR work. The competency model is, therefore, an integral part of the regular performance review, the main tool of our HR development efforts. It helps us to identify and develop potential and talent. In training sessions, management personnel and employees have learned how to use the competency model in performance reviews, especially at our German locations.

We promote the capabilities and expert knowledge of our employees at all Group locations. In financial year 2020, we invested k€ 278 (2019: k€ 275) in training. We draw on various HR development tools as indicated in the individual performance reviews. At our production site in Blatná, we launched a project in the reporting period to train employees specifically on the requirements of the automated systems and associated processes.

Outstanding vocational training

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

Our trainees should develop an understanding of interconnections and responsibility at an early stage. To achieve that, trainees are involved in cross-departmental projects that give them scope for independent action from the start of their training. The two most important of those projects are the so-called junior company and training marketing. The junior company is headed by six to eight trainees and is responsible for the business management of the plant shops. As part of their marketing education, the trainees independently manage our social media channels and join the vocational training management team in representing the company at the relevant fairs. This promotes and develops entrepreneurial thinking during training.

In the reporting period, we were recognised as one of Germany's best vocational training companies (Deutschlands beste Ausbildungsbetriebe) for the third time in a row. The award was based on a study conducted by IMWF Institut für Management- und Wirtschaftsforschung GmbH on behalf of Deutschland Test and the business magazine Focus Money. We are very pleased about this recognition. It confirms that we are on the right path with our vocational training concept.



> [Zuzenhausen trainee film](#)



> [Nassau trainee film](#)

A total of 31 young people were training as industrial clerk, IT specialist, graphic designers or specialists in warehouse logistics at the Leifheit Group's German locations at the end of 2020 (end of 2019: 34), including six young people who are completing a programme of dual training which combines work with studying for a degree. In the reporting period, we also supported 15 employees who were engaged in a part-time course of studies.



In 2020 we received,
 for the
3rd time in
 a row, the accolade
 “Germany’s best
 vocational training
 company”.

Through our vocational training programme, we also aim to make a contribution to the integration of refugees in the German labour market. Our trainees include two young men who completed introductory training as part of the Prospects for Young Refugees project (“Perspektiven für junge Flüchtlinge”), one of whom was taken on as a permanent employee in the reporting period following his final examination in 2020.

In 2020, we brought on board a total of seven young people (2019: five) who successfully managed to complete their vocational training.

Employee rights

In our Code of Conduct, we state that we will comply with legally defined employee rights and honour co-determination rights. We work with our employee representatives to ensure that applicable laws and regulations, collective bargaining agreements and works agreements are observed in the interest of employees. The German works constitution act (BetrVG) grants the works council in Germany co-determination or the right of participation in social, personnel and economic affairs. We also observe the applicable employee rights at foreign locations. Such rights in France and the Czech Republic are as strict as they are in Germany and, in some cases, even go beyond the requirements of German labour laws. The legislation in the European Union corresponds to or goes beyond the Code of the International Labour Organisation (ILO).

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Social and environmental standards in the supply chain

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

At Leifheit AG, we established a revised supplier management concept and a new Supplier Relations Management (SRM) system in the reporting period. This will help us achieve our goal of ensuring that no new supplier of direct material that goes into our products, or of goods purchased, is included in the supplier portfolio unless it has accepted and confirmed the Leifheit Social Code of Conduct. The agreement to comply with the Code of Conduct has already been signed by around 92% (2019: 91%) of all Leifheit AG supplier partners to date, which equates to 100% of all the company's Asian suppliers.

Our French subsidiary Birambeau, which primarily offers products for private-label brands, joined the amfori Business Social Compliance Initiative (amfori BSCI). BSCI is a programme for the improvement of social standards in the global supply chain. At Birambeau we have established processes to ensure that only suppliers with an acceptable amfori BSCI audit result, meaning at least an audit result of A, B or C, are used for future procurement in defined high-risk countries. By the end of 2020, at least 90% of Birambeau's current suppliers conformed to at least BSCI level C. We aim to achieve 100% conformity by the end of 2021.

We examine social accountability aspects as part of factory audits of current suppliers. In the reporting period, 35 (2019: 32) of our suppliers were subject to an audit. The audits indicated that most suppliers were in compliance with social, occupational health and safety, and environmental protection standards.

We generally audit new suppliers of production materials and goods purchased outside Europe before establishing business relations with them. Apart from performance, such audits also assess whether the criteria and provisions of our Social Code of Conduct are observed. We perform audits of our European suppliers on a selective basis, as we regard the risk of human rights violations here as extremely low. During the reporting period, as in the previous year, we audited 100% of all new suppliers.

Social commitment

We are committed to making a difference at our locations

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

Small projects with a big impact

We support local social, athletic and cultural projects and associations. Here, Leifheit regularly sponsors various activities on both a large and small scale. Potential recipients must have non-profit status to be eligible. One example of our regular activities is the holding of bazaars, which our trainees organise every year on behalf of social projects. In 2020, we were able to use the proceeds to support various organisations, including an association that promotes community engagement at our headquarters in Nassau and initiates charitable projects such as refurbishing playgrounds. Other donations went to support an association in the construction of an inpatient hospice and the work of a local cultural association, among others.

Social competencies are not only a key element of the vocational training programme – such activities also allow our employees to represent Leifheit AG as a good neighbour and an important part of the community. This is why we also encourage our employees' initiatives. However, in the reporting period, activities which would



Leifheit trainees present donations to the "Nassauer für Nassau" association.

normally take place, such as charity regattas and runs or the trainee social day, could not be held due to the COVID-19 pandemic.

Leifheit supports nursing homes during the coronavirus pandemic

People in nursing homes were particularly affected by the coronavirus pandemic in 2020: Due to their age, pre-existing conditions and group living, residents belonged to the vulnerable risk group and in many cases were virtually cut off from their social contacts. Care facilities, in particular, need to maintain the highest level of cleanliness due to the risk of infection. This is why we mounted a nationwide initiative to equip care homes with Leifheit Profi XL floor wiper systems for professional and hygienic floor cleaning. The wiper press and floor wiper are equipped with special mechanisms to wash out the wiper cover without hands

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coming into contact with the dirty water. The Profi XL floor wiper eliminates up to 99%* of viruses and bacteria during floor wiping, helping to protect those at risk from the coronavirus.

Promoting education at our headquarters

We are involved in efforts to promote education and training at our headquarters in Nassau. Leifheit is a business partner of the Leifheit-Campus. The state-certified private grammar school opened in 2015 as the result of a private-sector initiative in reaction to the closure of local state schools. It offers secondary education and is open to all gifted young people, regardless of their parents' income. The G. und I. Leifheit Stiftung, a foundation that is financed by the legacy of company founder Günter Leifheit, is the school's largest sponsor. The partnership between Leifheit Campus and Leifheit AG includes, among other things, equipping the school with our products. In the reporting period, for example, Soehnle Clean Connect 500 air purifiers were made available to the campus for some classrooms. We also run annual competitions in conjunction with the campus and offer opportunities to explore the company, career guidance measures and presentations by our experts on appropriate subjects.

* Tested in laboratory conditions on staphylococcus aureus bacterium as well as modified vaccinia virus Ankara with Leifheit Micro Duo cover and Leifheit power cleaner (25 ml to 5 l water, water temperature 60 °C).

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Compliance management system

Responsible corporate management

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

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

CMS aims to ensure behaviour in line with the regulations

Our compliance management system (CMS) includes basic guidelines and measures aimed at ensuring behaviour in line with the regulations at the company. It should assist our employees in observing the binding laws and regulations that apply to their work, along with recognised standards, recommendations and our own guidelines.

Behaviour in line with the regulations is both a key basic principle for Leifheit and the goal of commercially responsible conduct. The Board of Management and the management team of Leifheit are committed to compliance as a leadership duty. Operational responsibility (compliance officer) lies with the HR/Legal/IP division. Compliance risks are recorded in the scope of the risk management system.

Guidelines and measures

Our CMS includes guidelines and measures that reduce compliance risks and prevent violation of regulations and laws. Its principles and standards of conduct have been in place for years and are part of the day-to-day business routine. All compliance guidelines are available to Leifheit Group employees in at least German and English. The key guidelines are also available in Czech, French and Chinese language versions.

As part of their duty to set an example for others, Leifheit managers are instructed to impart and model the compliance policies for their employees. Managers are responsible for ensuring that our guidelines are followed.

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In 2019, we also developed a concept that provides our employees with regular training on our compliance principles through online e-learning modules. Training continued in the reporting period, so that now approximately 93% (2019: 63%) of employees to be trained at the German locations have completed compliance training. In addition, we again trained our German sales employees in competition law (antitrust compliance) during the reporting period.

Whistle-blower system

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

Compliance violations are not tolerated, and all indications of misconduct are investigated. Where applicable, findings are entered into our risk management system or our internal control and risk management system during the accounting process (ICS). Within the scope of the internal audit department, we initiate external audits of business processes at our locations at regular intervals.

As in the previous year, no compliance violations were identified at the Leifheit Group during the reporting period.

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Our guidelines

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

German Corporate Governance Code (DCGK)

The Board of Management and the Supervisory Board of Leifheit AG base their work on the DCGK. Our declarations of conformity have been published and are permanently accessible. Reporting on corporate governance is included in the declaration of corporate management.

Leifheit competency model

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

Insider guidelines

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

Standards for our suppliers

We lay down the standards for our suppliers in a > [Code of Conduct](#). The Code of Conduct is consistent with the Business Social Compliance Initiative (BSCI), the Conventions of the International Labour Organization, the United Nations Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, the UN Convention on the Elimination of All Forms of Discrimination against Women, the Principles of the UN Global Compact and the OECD Guidelines for Multinational Companies.

Antitrust compliance policy

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

Leifheit Code of Conduct

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

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

Data protection guidelines

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

Combating corruption and bribery

Combating corruption and bribery is an integral part of our > [compliance management system](#).

Leifheit takes decisive steps against attempted corruption in all areas of business within the Group. Our > [Code of Conduct](#) obliges employees not to accept, offer or promise any personal, financial or other benefits, whether directly or indirectly, in order to establish or maintain business relations or other benefits with a third party. Furthermore, such benefits may not be accepted as a quid pro quo for preferential treatment by third parties.

Data protection

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

In 2019, more than 300 employees at our German locations received online data protection training. No training took place in the reporting period.

Over the course of the reporting period, there were no cases of complaints about violations of data privacy. There were also no thefts or losses of data in the reporting period.

Forward-looking statements

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

This is the English translation of the sustainability report. In the event of any discrepancies between this translation and the German version, the German version will take precedence.

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