GWA Group Limited

2020 Sustainability Report

In this report

Introduction from Chairman & Managing Director

Sustainability remains fundamental to GWA's business. We have a long-standing history in making life better and contributing to more sustainable communities through our operations and through providing superior products and solutions for people to enjoy and sustain water, our planet's most precious resource.

Our approach to sustainability continues to be based around two central objectives:

- Operating in a sustainable manner across our business by managing our resources as efficiently as possible and by acting in a socially responsible manner;
- Providing leading-edge products and systems that contribute to sustainability by making life better through superior water-saving solutions for the built environment.

Managing our response to the COVID-19 pandemic in 2020 was a key focus of our sustainability agenda during the reporting period. Our priority through the pandemic remains the health and safety of our people and in continuing to provide a safe operating environment for everyone at GWA and visitors to our sites. We also constructively worked with our suppliers and customers to understand and support their response efforts to the pandemic.

Sustainability remains embedded in our business planning processes including corporate governance, people development, strategic planning, product and policy development. We recognise that conducting our business in a sustainable and responsible way is important for us to earn and maintain the respect of our stakeholders including our consumers, customers, communities, environment, employees and shareholders.

In our second annual Sustainability Report, we continue to report on our progress in delivering our sustainability agenda. While the COVID-19 pandemic has delayed some of our sustainability initiatives in FY20, we continued to make progress in key areas of our sustainability agenda which are reflected in this report.

We commend the report to you.

Darryl D McDonough
Chairman

11 September 2020

Tim R Salt
Managing Director

11 September 2020

Sustainability Key Highlights FY20

GWA continues to operate with sustainability at our forefront by managing our resources efficiently.

We act in a socially responsible manner and leverage our market-leading position to provide a range of products and systems that contribute to sustainability by making life better through superior water-saving solutions for the built environment. Selected highlights over the past year include:

PEOPLE

We remain committed to providing a safe, rewarding and challenging environment for our people to help them reach their potential, which in turn helps GWA reach its goals.

- **85% improvement in Total Injury Frequency Rate** (TIFR) on prior year
- **Staff engagement score of 61%** above the median score of Australian companies
- **Zero Medical Treatment Injuries** for FY20 across all sites
- **42% female composition at GWA** – up from 39% in prior year

ENVIRONMENT

GWA contributes to environmental sustainability through the development of products and systems which deliver water-efficient and water-saving solutions in the built environment.

- Caroma's **commitment to sustainable product design** through 20-year warranty on products
- **All GWA Australian sites have installed Caroma Smart Command®** to monitor and control water usage
- **Caroma Smart Command® now installed in 49 sites** – up from 18 in prior year
- **Implemented closed-loop pallet system** to reduce consumption of timber pallets

ETHICAL AND SUSTAINABLE SOURCING

GWA's commitment to conducting its business in an environmental and socially responsible manner also extends to the expectations we maintain of our manufacturing supply partners to operate to the same exacting standards.

- **Audits of two major Asian supply partners** with **no ethical sourcing issues** identified
- **No material breaches** of ethical sourcing policies
- **First Modern Slavery Statement** released in August 2020
- Implemented Group-wide **policy against slavery and trafficking in persons**

COMMUNITY

GWA partners with community-based and charitable organisations to support their endeavours which is in line with our vision of making life better.

- **Continued partnership with The Smith Family** – 60 children in drought-affected areas in Australia
- **Sponsorship of Sustainable Coastlines** assists to remove 30,000 litres of rubbish annually from New Zealand beaches and waterways
- **Supporting Wigan and Leigh Hospice** and **Macmillan Cancer Support** in the UK
- Supporting **Australian bushfire charity relief** events

About This Report

This is GWA's second stand-alone Sustainability Report. The structure of the Sustainability Report is outlined below:

1. Our response to COVID-19
2. About GWA
3. Our commitment to continued innovation in water sustainability – how we are making life better
4. Our people
5. Environment
6. Ethical and sustainable sourcing
7. Community
8. Governance and risk management

This report includes data for the period 1 July 2019 to 30 June 2020 unless otherwise stated.

This report includes data for Methven which was acquired on 10 April 2019. Please note that data for Methven was not included in the prior year's report.

The environmental data included in this report for water, waste and energy is for GWA-operated sites and does not include data for sites which are not operated by GWA (e.g. manufacturing supply partners).

GWA has not formally adopted the Global Reporting Initiative (GRI) framework for this report. However, in preparing this report we continue to reference the relevant core principles of the GRI reporting system as it relates to our sustainability practices and performance across our business.

GWA also continues to reference the Task Force on Climate-related Financial Disclosures (TCFD) and the United Nations Sustainable Development Goals in this report, particularly as they relate to the risks and opportunities to climate change.

STAKEHOLDER ENGAGEMENT

GWA is committed to building and maintaining strong relationships with our stakeholders. In preparing this report, GWA has consulted with various stakeholders to identify key risks and opportunities relevant to our business. Stakeholders most relevant to our operations with whom we continue to engage include:

- Our people
- Institutional and retail shareholders
- Governance advisers
- Customers
- Manufacturing supply partners
- Debt markets/lenders
- Insurers
- Regulatory authorities
- Unions
- Industry groups
- Others

SECTION 1

Our Response to COVID-19

As a result of the COVID-19 pandemic, GWA's sustainability agenda is focused on the health and safety of all our staff and visitors to our sites as we continue the role as an essential supplier of products and services to the plumbing and construction sectors.

We are also continuing to work with our key supply partners and customers to understand and support their response efforts to the COVID-19 pandemic to ensure the health and safety of staff at these sites.

During the pandemic we are providing enhanced safety protection including sanitiser, masks, temperature checks and increased cleaning at our work sites. All of our office-based staff have been provided with the necessary tools to work remotely. At our warehouses, we have implemented shift management and practised social distancing protocols including staggered break times to limit personal interactions.

Our priority is to continue to ensure GWA and our industry more broadly, operate in a safe and compliant manner to ensure our licence to operate as an essential service is maintained in Australia. This will ensure the sustainability of our business and continuity of employment for all our people. Where this has not been possible, such as in our UK and NZ operations due to lockdowns, GWA has enabled our people who have been furloughed or in self-isolation to utilise their leave entitlements and supported them to access relevant government support.

GWA has sought to avoid redundancies and has not made any staff redundant directly as a result of COVID-19.

During the pandemic to date, GWA has been able to maintain existing sources of supply and continues to place orders in line with business forecasts. We have made no material changes to production schedules and pay in full for finished product from all suppliers globally while honouring previously agreed payment terms.

We will continue to closely monitor and adjust our business operations as required and in accordance with the latest government and regulatory health and safety advice.

SECTION 2

About GWA

GWA is a leading innovator, designer and supplier of product solutions, services and intelligent technology focused on the water solutions segment.

We own and distribute market-leading brands and state-of-the-art product solutions across our ranges of sanitaryware, tapware, showers, basins, baths, kitchen sinks, laundry tubs, bathroom/kitchen accessories and valves. We have an intelligent bathroom system incorporating IoT smart water management solutions.

GWA operates and has sale and distribution facilities across its primary markets of Australia, New Zealand, United Kingdom and China.

We are highly respected within the building industry for innovation, water efficiency, product reliability and quality, technical expertise and superior service.

We maintain quality and cost-efficient long-term supply agreements with selected, exclusive manufacturing partners across Asia and Europe, and with light manufacturing operations in New Zealand and China. GWA has an experienced senior management team in R&D, design, brand building, customer engagement, supply and distribution.

OUR PURPOSE

We make life better through the design and delivery of products, services and technologies that create superior solutions for people to enjoy and sustain water, our planet's most precious resource.

OUR MISSION

To build GWA as the most trusted and respected water solutions company.

OUR CULTURAL PILLARS

- We all lead
- We are customer focused and consumer driven
- We care for each other

We make life better for all our stakeholders.

OUR BRANDS

CAROMA

METHVEN

dorf

Deva by METHVEN

FLEXISPRAY

CLARK

NEFA BY METHVEN

Our Brands

CAROMA

AUSTRALIA'S BATHROOM BRAND

With over 78 years of innovation, Caroma believes that quality bathrooms are a balance of form, function and aesthetics. Caroma designs bring to life a guiding vision of creating sustainable luxury. Design that enables you to enjoy bathroom experiences that both complement and elevate your lifestyle, from an energising morning start to an indulgent, relaxing moment of luxury, all underpinned by sustainability.

Designing for Australians and New Zealanders, from all walks of life, with different tastes and needs. We have a wide range of classic to artisanal styles, smart designs and sustainable innovations providing you with everything you need to create the sanctuary of your dreams.

METHVEN

CREATING AMAZING WATER EXPERIENCES

At Methven we are all about making water amazing. Creating amazing water experiences is what we do every day at Methven, and have done since 1886. Today, Methven is world-renowned for beautifully designed, award-winning showers, taps and valves. Over the years we have learned how to harness the power of water to cleanse, calm, refresh and invigorate. And it's this expertise – combined with our passion for design and innovation – that fuels our ongoing mission to create amazing water experiences, just for you.

dorf

BEAUTIFULLY DESIGNED, THOUGHTFULLY ENGINEERED

Never compromising on design and always focused on quality, for 70 years Melbourne-born Dorf has pushed the boundaries of what's possible in tapware. Influenced by artisans across Australia – who in turn are inspired by the beauty, creativity and individualism of the world around them – Dorf delivers an exceptional water experience, the Australian way.

CLARK

AUTHENTIC, AUSTRALIAN SPIRIT

Since 1941, CLARK has worked tirelessly to make Australian kitchens and laundries more appealing and practical. CLARK, now extending into the Bathroom space, offers a variety of versatile and stylish designs to suit even the smallest of Bathroom spaces, no matter how tight the budget. The Australian in-house design team and like-minded collaborators have designed and engineered a range of products right here in Australia, that are thoughtfully simple and refreshingly smart, bringing pleasure and enjoyment to customers every day.

SECTION 3

Our Commitment to Continued Innovation In Water Sustainability – How We Are Making Life Better

GWA has a proven history in developing innovative solutions for water. This is reflected in our continued pioneering approach in innovation and design, delivering state-of-the-art water-saving solutions for our customers. Sustainable design is part of the Caroma DNA. In 2019 the Caroma Design Team was awarded the prestigious The Good Design Team of the Year from Good Design Australia.

We contribute to environmental sustainability through the development of products and systems which deliver water-efficient and water-saving solutions in the built environment.

We are committed to investing in local innovation hubs in Australia and New Zealand and providing our teams with the resources and technology to strongly support our innovation outcomes. GWA has two centres of excellence, our Caroma Innovation and Distribution Centre at Prestons in NSW and our Methven Experience Centre at Avondale in New Zealand.

CASE STUDY – GWA DRIVES IMPROVED BATHROOM HYGIENE RESPONSES

As organisations and buildings seek to ensure that their tenants and bathroom users are protected from the spread of harmful bacteria and illness, cleanliness and hygiene in public or shared bathroom spaces is now more important than ever, particularly in the context of COVID-19.

As public or shared bathrooms are high-traffic spaces, they carry with them a higher risk of bacterial spread. It's therefore important that fixtures and systems be put in place that can help reduce risk of transmission and drive more hygienic outcomes for users.

While sensor-activated tapware and soap dispenser products heralded a fundamental step towards reducing the risk to users when they interact with public or shared bathroom spaces, more can be done by better understanding user behaviour through data and insights.

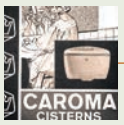
Caroma Smart Command® plumbing eco-system features a full suite of interconnected touch-free plumbing fixtures which can help combat the spread of harmful bacteria at those key areas in a bathroom space that users interact with.

This smart eco-system is comprised of designer sensor tapware, automatic flush urinals, sensor toilet flush panels as well as additional technology, hardware and cloud dashboard analytics. The interconnectivity of the system enables individual fixture-level data to be transformed into actionable insights for building managers.

This unprecedented level of data capture across plumbing systems helps building managers drive the sustainable management of water in their building, cost savings through cleaning and maintenance efficiencies, and supports positive user experience through touchless interactions and insights into hygiene practices.

Building managers can draw upon such insights as toilet and urinal use numbers overlaid with tapware activation numbers and hand-wash duration periods to provide a clear indication as to how hygienic a given bathroom's users are. Armed with this near real-time insight, building managers can enact targeted educational programs to help drive more hygienic bathroom practices.

OUR HISTORY OF DELIVERING INNOVATIVE SOLUTIONS



1956
WORLD'S FIRST PLASTIC CISTERN

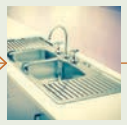
Caroma began manufacturing the world's first one-piece plastic toilet cistern. In 1956, this cistern won the FH Edwards Laurel Award – the first of many design awards for Caroma.

1980
WORLD'S FIRST DUAL FLUSH

In 1980, Caroma developed the first Dual Flush toilet which saved approximately 32,000 litres of water per household per annum due to the introduction of full-flush/half-flush technology which allowed homeowners and businesses to have the option of an 11L (full) or 5.5L (half) flush.

1985
AUSTRALIA'S FIRST SINGLE-LEVER MIXER

Dorf was the first tap brand in Australia to introduce a single-lever mixer – Flickmixer. Still today, the name 'Flickmixer' is regularly used to refer to any mixer tap.



1986
AUSTRALIA'S FIRST SINGLE-PIECE SINK

During the 1980s, Clark was the first in Australia to successfully launch Monobloc sinks made from a single piece of stainless steel.

2006
FIRST WELS 6 STAR URINAL

In 2006, the Caroma Cube 0.8L Smartflush® Urinal was the first to achieve the maximum 6 Star Water Efficiency Labelling Scheme (WELS) rating for water conservation, leveraging technology to maximise water efficiency by reducing unnecessary flushing.

2005
CAROMA SMARTFLUSH®

In 2005, Caroma's Smartflush® technology won the Australian International Design Award and Home Beautiful Product of the Year. The Caroma Smartflush® further reduces water consumption to only 4.5L (full) or 3L (half) per flush.

2004
METHVEN SATINJET®

Unlike conventional showers, the award-winning Satinjet® uses unique twin-jet technology to create optimum water droplet size and pressure, with over 300,000 droplets per second.

1993
DUAL FLUSH IMPROVED TO 6L/3L

A major step change to reduce global water usage, Caroma launches a range of 6L full/3L half flush cisterns, hugely reducing the traditional 11L (full)/5.5L (half) flush systems.

2009
PATENTED ORBITAL CONNECTOR

Designed to overcome major issues around plumbing set-out connections, extending set-out up to 50mm radius. A flexibility welcomed by the plumbing community.

2009
FIRST WELS 5 STAR TOILET SUITE

The Caroma Profile 5 toilet was Australia's first 5 Star toilet suite featuring a cistern with a dual-flush push button and spout combination. The design enables the same water to be used for two purposes – fresh water is first used for hand washing and then flows into the cistern to ultimately flush the toilet.

2009
CAROMA'S INVISI SERIES II

In 2009, Caroma launched the Invisi Series II range and won the Australian International Design Award.

2015
METHVEN AURAJET®

The award-winning Aurajet® technology delivers a full-bodied spray with maximum body contact. Delivers a highly efficient shower with 20% more spray force and twice the amount of water contact on skin than a conventional Methven shower.

2018
METHVEN VJET®

The award-winning VJet® technology allows the user to activate a seamless spray transition – from a firm, invigorating shower spray, to a gentle, enveloping warmth and everything in between. Crafted from high-grade stainless steel which is both stylish and durable.

2018
CAROMA SMART COMMAND®

In October 2018, Caroma announced the next evolution in sustainable water management with the launch of Caroma Smart Command®, a comprehensive intelligent IoT solution for commercial bathrooms. In 2019 Caroma Smart Command® won the Good Design Award Best in Class from Good Design Australia.

2016
CAROMA CLEANFLUSH®

Caroma Cleanflush uses patented rimless technology combining Caroma's unique flush and flow innovation to improve hygiene and cleaning effectiveness while still leveraging the lowest water per flush usage available. In 2016, Caroma won the Best in Class, Good Design Award for the Cleanflush® technology toilet range.

SECTION 4

Our People

GWA recognises that our people are critical to our success.

We are committed to providing a safe, rewarding and challenging environment for our people to help them reach their potential, which in turn helps GWA reach its goals.

We continue to conduct our business with the highest standards of personal and corporate integrity consistent with our cultural pillars.

Our Code of Conduct guides the behaviour of our people and demonstrates the commitment of the Group to ethical practices.

Meanwhile, our cultural pillars outline the company values and how these are applied to our business activities and the high standards of behaviour expected in the business in order to achieve the Group's objectives.

Our cultural pillars remain at the heart of everything we do and there is an expectation that everyone behaves in alignment with them.

The Code of Conduct complements the Group's risk management and internal control practices. The Code of Conduct is supported by the Group's Whistleblowing Policy and system of reporting activity suspected of breaching the Code of Conduct. The Code of Conduct is reviewed annually and updated to ensure that it reflects current good practice and to promote the ethical behaviour of all employees.

WORKPLACE HEALTH & SAFETY

GWA's focus remains on ensuring that we provide a safe workplace for our employees, contractors, visitors and customers, while driving a positive safety culture and actively reducing and mitigating risk.

"We care for each other" is a cultural pillar of the organisation that drives our objective to ensure everyone is safe … every day. The GWA management structure for Workplace Health and Safety (WHS) continues to be centrally led by the Head of Risk, Safety and Compliance. This executive addresses the Board and Executive Leadership Team on a regular basis to discuss all matters relating to WHS. This provides an opportunity for updates, scope discussions and to monitor progress of the WHS strategy and performance.

The ELT members regularly review key risk areas aligned with our business risk profile. These include chain of responsibility, health and wellbeing, environment and waste.

During FY20 GWA continued to make substantial progress on implementing our safety strategy. This strategy focuses on leadership and behavioural aspects of safety together with identifying and mitigating physical risks in our operations. The increased focus on cultural and behavioural drivers has resulted in a significant improvement in the Group's safety performance in both lead and lag indicators.

CASE STUDY – ZERO MEDICALLY TREATED INJURIES IN FY20

GWA maintained a MTIFR (medically treated injury frequency rate) at zero for FY20.

This result has been achieved through a focus on safety culture and behavioural change at all sites across the GWA network, including Australia, New Zealand, China and the United Kingdom. More specifically a focus on preventative measures, including hazard reduction and near-miss reporting at each individual site is helping to drive cultural change in the way we interact at our sites, leading to this improvement.

The continued roll-out of Safety Homecoming is continuing to deliver a major improvement in safety culture across the business.

Additionally, an increase in site-specific activities such as daily tool-box meetings, site audits and root-cause analysis of incidents is assisting in driving the ongoing behavioural change to deliver this improved result.

Key achievements during the year included:

- The integration of all Methven sites across Australia, New Zealand, China and the United Kingdom into the GWA safety system, SafetyOne, has been completed. This has been a significant task to standardise operating procedures to deliver a consistent and measurable approach to safety across the Group;
- Safety Homecoming training is now into its third year and continues to be rolled out to all employees across Australia and New Zealand. The roll-out into China and the United Kingdom was delayed as a result of the COVID-19 pandemic. Safety Homecoming is designed to develop and drive safety behaviour engagement for staff at all levels. The intent is to acknowledge and celebrate safe demonstrated behaviour while engaging and addressing at-risk behaviour;
- GWA meets the requirements to ensure the health and safety of its workers under WHS legislation and continued the external auditing process for WHS Compliance at its sites. During FY20 the Group commenced the transition from Australian safety standard AS4801 accreditation to the new international safety standard ISO45001, and by the end of FY21 GWA expects that all sites across its network will be accredited to this new standard;
- Installation of monitoring devices called CTrack in all company vehicles to assist with the improvement in driver behaviour and reduction in accidents;
- Mental health ambassadors were identified and appointed across the business and trained in mental health first aid as part of our continuing focus on the wellbeing of staff including metal health issues associated with the COVID-19 pandemic;
- The wellness program called Ritualize continued to be made available to all employees and their families. Ritualize is a neuroscience-based health and wellness platform delivered via a mobile and web interface that helps people build healthy habits that lead to a positive lifestyle change.

SAFETY PERFORMANCE INDICATORS

GWA measures a range of balanced safety performance indicators. We continuously identify, implement and monitor our activities to ensure we eliminate unsafe acts and practices.

These activities, identified as proactive 'LEAD' indicators, include recorded safety events, hazards reported, site inspections and actions closed.

GWA also measures key 'LAG' indicators that measure lost time and medically treated injuries, hours lost due to injury, and total injuries (which represent a combination of lost time and medically treated injuries).

LEAD INDICATORS

During FY20 GWA's safety performance measured by Lead indicators improved on all metrics as outlined in the table below:

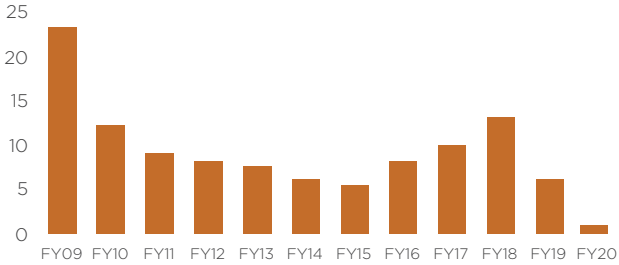
Metric	Result in FY20
Recorded Safety Events	267
Hazards Closed	96%
Actions Closed	95%
Site Inspection Completion	96%
Manual Handling Injury Rate	95%

LAG INDICATORS

During FY20 GWA's safety performance measured by Lag indicators improved on all metrics as outlined in the table below:

Metric	Result in FY20
LTI FYTD	1.0
LTIFR Rolling	0.9
MTI FYTD	0.0
MTIFR Rolling	0.0
TI FYTD	1.0
TIFR Rolling	0.9

GWA TOTAL INJURY FREQUENCY RATE (TIFR)



As outlined in the chart, GWA recorded a material decrease in TIFR from 6.2 in FY19 to 0.9 in FY20. The FY19 data did not include the Methven business which has been captured in the FY20 data. The decrease in FY20 is a significant improvement particularly in the context of the Methven manufacturing sites in New Zealand and China being included in the FY20 data.

The safety performance outcomes for FY20 reflect the positive safety culture in the Group and our proactive approach to identifying and mitigating safety risks.

DEVELOPING A HIGH-PERFORMANCE CULTURE

GWA seeks to foster a high-performance culture to encourage our people to perform at their best while upholding our cultural pillars.

Fundamental to this philosophy is our cultural pillar "We all Lead" – we believe every person in the business is a leader even though they may not have any direct reports.

Since 2018, GWA has partnered with Kincentric (formerly Aon) for our Making Life Better Employee Survey. For the FY20 survey, we had a 90 per cent participation rate and our Group engagement score was 61 per cent which is above the median for companies in Australia and New Zealand.

To emphasise our belief that everyone is a leader, employees who completed the survey received an individual engagement report which showed their personal engagement score and actions to improve their own engagement.

To reinforce a high-performance culture, all non-EBA employees have been included in an incentive bonus plan. Payment is based on business results, achieving personal Key Performance Indicators (KPIs) and ensuring behaviour is aligned to our cultural pillars. This has resulted in a strengthened performance management process to ensure alignment to the Group's overall strategy. It has also driven more accountability for results with the survey response to "My performance has a significant impact on my pay" being one point above the norm for Australian and New Zealand organisations.

DIVERSITY

GWA recognises and celebrates the value and contribution each individual brings to the workplace and appreciates the value of attracting and retaining employees from different backgrounds. GWA is committed to creating a working environment that is fair and flexible, promotes personal and professional growth and benefits from the capabilities of its diverse workforce.

GWA recognises that diversity in the workforce contributes to business success and benefits employees, customers, consumers and shareholders. Leveraging diversity in the workplace delivers a strong competitive advantage.

We remain committed to promoting diversity and inclusion through the implementation of policies and initiatives to achieve a diverse workforce. The Group's Diversity and Inclusion Policy is available on the Group's website at www.gwagroup.com.au under Corporate Governance Policies.

We understand that each individual is unique and we recognise individual differences. These differences can include skills, experience, thought, gender, age, disability, ethnicity, cultural or socio-economic background, religion, sexual orientation, political or ideological beliefs as well as other dimensions such as lifestyle and family responsibilities.

At GWA we are committed to:

- a workplace which is free from discrimination, harassment, bullying, victimisation and vilification;
- treating employees fairly and with respect;
- a workplace culture that is inclusive and embraces individual differences;
- equal employment opportunities based on ability, performance and potential;
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity;
- flexible work practices and policies to support employees and their changing needs;
- attraction, retention and development of a diverse range of talented people;
- equitable frameworks and policies, processes and practices that limit potential unconscious bias.

In 2012, the Board established a number of measurable objectives to promote and encourage increased diversity and in particular, to improve gender diversity within the workforce. The measurable objectives are assessed annually and are reported in the Corporate Governance Statement which is available on the Group's website at www.gwagroup.com.au under Corporate Governance.

The objectives and supporting actions include:

1. INCREASE THE PERCENTAGE OF FEMALES EMPLOYED BY GWA

- Ensure the recruitment process and practices continue to comply with equal opportunity principles;
- Provide recruitment training for managers ensuring a focus on equal opportunity and avoiding unconscious bias.

Women comprise 42 per cent of GWA's overall workforce for the reporting period. This includes reporting data for Methven which was acquired in April 2019 and was not included in the prior year. For the prior year, female composition of the workforce was 39 per cent. The Group's focus on diversity has been recognised by employees and has shown by increased scores in our engagement survey where we are now two percentage points above the Australian norm.

In July 2020, the Group lodged its 2020 Australia Workplace Gender Equality Report with the Workplace Gender Equality Agency (WGEA) in accordance with the Australian Workplace Gender Equality Act 2012 (Act). The Group notified its employees and employee organisations of the lodgement of the report and advised how it may be accessed. The Group also allowed employees and employee organisations to make comments on the report. The report is available on the Group's website at www.gwagroup.com.au under Gender Equality Reporting. The Group received notification from the WGEA that it is compliant with the Act.

The following table is a summary of GWA's Australian workplace profile at 31 March 2020 as reported to the WGEA:

Title	% Female
Board	25%[1]
CEO and Key Management Personnel	33%
Senior Managers/Other Managers	38%
Total Management	**38%**
Total Non-Management	**43%**
Overall Total	**42%**

Note:

1 33% of GWA's non-executive directors are female.

2. PROVIDE AND PROMOTE FLEXIBLE WORK PRACTICES TO ATTRACT AND RETAIN DIVERSE TALENT

- Continue to promote awareness of current flexible work practices to existing employees and potential candidates;
- Investigate and implement any additional flexible work arrangements appropriate to the needs of employees with families.

Across GWA we continue to review employment policies and practices to ensure that, among other things, flexibility is offered to attract and retain talent. GWA fully supports and encourages flexible working arrangements and many employees take advantage of this policy to work from home or to work flexible hours.

The wide use of flexible work practices enabled the Group to quickly respond to the COVID-19 pandemic with all office-based staff having the ability to work from home. GWA also provided additional tools and training during the pandemic to ensure that staff were supported to work remotely as part of our ongoing focus on their safety and wellbeing. In a recent employee survey, 77 per cent of employees felt that they "have the flexibility to modify their work schedule to address personal situations" which is two percentage points above the Australian average.

In addition to a number of employee benefit programs, a purchased leave plan is also in place which allows employees to "purchase" additional leave of up to four weeks per year via salary sacrifice.

3. SUCCESSION PLANNING AND HIGH-POTENTIAL EMPLOYEE DEVELOPMENT

GWA ensures a diverse group of high-potential employees are identified as part of the Group's succession planning process and actively developed for career progression. The Group's recruitment and development strategy continues to focus on attracting, developing and retaining a diverse pool of talent to deliver our growth strategy.

GWA has regular talent reviews to strengthen our succession plans. These talent discussions include career development actions which are regularly reviewed. Managers are aware of their responsibility to develop talent and in a recent survey, 81 per cent of managers responded "I am accountable for developing high performers," which is above the norm for Australian organisations.

INVESTING IN OUR PEOPLE

GWA remains committed to investing in its people and developing leadership skills to create the leaders for the future. Our leadership programs are designed to provide our people with the knowledge, skills and support to enable them to perform at their best.

We maintain a range of leadership and development programs that are aligned to our purpose of making life better with superior solutions for water and the Good to Great Journey which was communicated across the organisation in August 2018.

GWA continues to operate development programs at two levels:

- Group-wide programs for all employees;
- Business-specific training programs to develop particular skills relevant to specific areas of the business.

GROUP-WIDE PROGRAMS

Great Beginnings: Onboarding and induction blended learning program including information on the business strategy, customers, innovation, sales and marketing, as well as a Waterworks teambuilding activity aligned to our purpose (building a water purification unit for donation to people in need).

H20: short, online courses which help people with skills on How 2 Operate (Excel, Salesforce, Microsoft teams, etc.).

Good 2 Know: Lunch and learn on a variety of topics such as cyber security, career development, product training.

Great Conversations: one-to two-hour sessions with internal and external thought leaders. A number of these sessions have been targeted for female talent.

iLead: Management training programs with training for four levels of leadership (Leading Yourself, Leading Others, Leading a Department/Function, Leading the Business).

BUSINESS-SPECIFIC TRAINING PROGRAMS

Supply Chain/Operations: Warehouse management system training.

Sales and Customer Service: Caroma Smart Command®, sanitaryware and tapware product knowledge training.

GWA's leadership and development programs are supported by our new Learning Management System, iLearn.

SECTION 5

Environment

CLIMATE RISKS AND OPPORTUNITIES

GWA acknowledges climate-related risks and opportunities within its business operations.

The manufacture of bathroom and kitchen products consume resources and energy and therefore GWA is indirectly exposed to carbon emission regulations which may impact input pricing in the manufacturing process.

Another effect of climate change relates to scarcity of water. The World Economic Forum (WEF) 2020 Global Risk Report classified water scarcity as one of the five highest risks in terms of impact. This represents an opportunity for GWA regarding the development of water-saving products and technology.

GWA is a low emitter of greenhouse gas emissions, however, we appreciate the ongoing need to reduce our greenhouse gas emissions and encourage our manufacturing supply chain partners to do the same. We are committed to further improving our disclosures in reference to the key recommendations of the TCFD.

Our current status is summarised below.

Governance – The Board and Executive Leadership Team regularly review the Group's performance and assess all risks and opportunities in reference to TCFD recommendations.

Strategy – Annual strategic planning processes include the identification and integration of risk and opportunities.

Risk Management – Group risk management policy and company-wide risk assessments to include all manner of risks.

Metrics – Current metrics include Australian Scope 1 and 2 greenhouse gas emissions.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals address global challenges including those related to poverty, inequality, climate, environmental degradation, prosperity, peace and justice.

GWA continues to reference the UN 2030 Agenda for Sustainable Development and Sustainable Development Goals. While in a broad sense each of the 17 goals is important to our business, GWA references three goals specifically:

ENSURE ACCESS TO WATER AND SANITATION FOR ALL

GWA has a strong pedigree and history in developing innovative solutions for water. This is reflected in our continued innovative approach in new product development and commercialisation in delivering water-saving solutions for our customers and consumers.

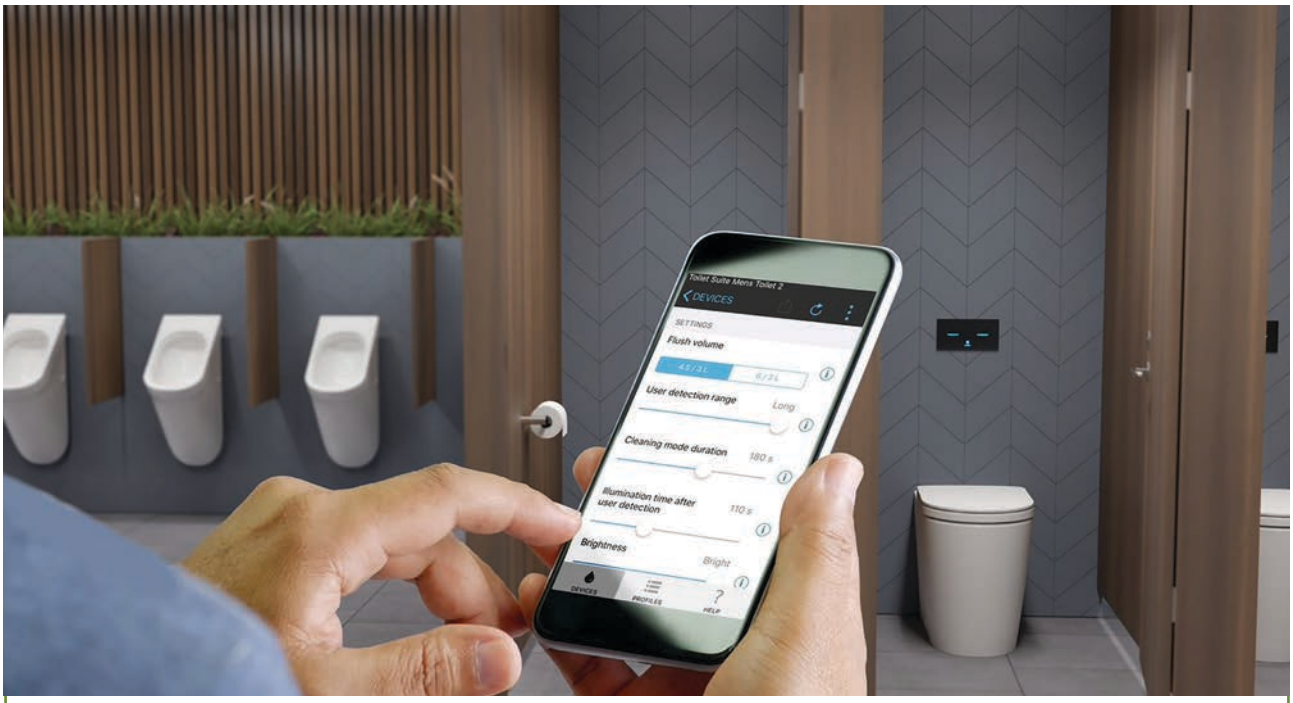
We contribute to environmental sustainability through the development of products and systems which deliver water-efficient and water-saving solutions in the built environment. Caroma's Dual and Smart flush technologies continue to save on average 32,000 litres per year for each toilet in which they are used – the equivalent of one Sydney Harbour saved each and every year.

CASE STUDY – CAROMA ELVIRE INSPIRED BY SUSTAINABLE TASMANIAN TIMBER

In August 2019 Caroma launched a new bathroom collection – Elvire. Caroma Elvire sets a new benchmark in bathroomware design with a unique combination of intuitive design, aesthetics and environmentally sustainable solutions.

Caroma Elvire is inspired by the unique nature and wilderness of Australia. Central to the design of the collection is the integration of sustainable Tasmanian timber.

The Elvire Collection encompasses a full suite of bathroomware products, including basins, showers, tapware, toilet suites, a freestanding bath, accessories and, for the first time, vanities. The collection includes tapware that is rated six stars under the Australian Water Efficiency Labelling Standards (WELS).



CASE STUDY – CAROMA SMART COMMAND®

Caroma Smart Command® is an ecosystem of intelligent products that enable building managers to monitor and control water use in near real-time and make smarter decisions that reduce maintenance costs, while improving hygiene and up-time.

An innovative range of intelligent tapware, showers, urinals and invisi toilets have been developed to seamlessly integrate with Caroma's Smart Command® technology.

These intuitive products incorporate the latest in touch-free technology for optimal hygiene for a more efficient bathroom design which reduces cleaning and maintenance.

Caroma Smart Command®-enabled bathrooms allow building managers to precisely track every detail and collect data in real-time, from water usage per appliance to the number of activations. This data can be accessed locally from a mobile app or integrated to an existing Building Management System (BMS) or cloud platforms.

This information allows the building or facility manager to make informed decisions and monitor the impact in near real-time, driving efficiencies such as cleaning and maintenance resourcing.

According to a study by Norman Disney Young, installing the Caroma Smart Command® ecosystem into a commercial building could yield the following environmental benefits:

- a potential to provide an additional eight credits towards a Green Star rating which is a sustainability rating tool used for building projects globally;
- a saving of up to 10 per cent of its water consumption by using a Caroma Smart Command® Eco Valve to stop and prevent leaks; and
- an average overall reduction of water use of more than 25 per cent for a typical commercial building[1].

During FY20 two new additions were made to the Caroma Smart Command® portfolio that drive sustainable outcomes:

- The Caroma Smart Command® Eco-Valve launched in March 2020:
  - Leaks can account for up to 21 per cent of a building's water usage (on a typical commercial office building[2]);
  - The Caroma Smart Command® Eco-Valve can prevent major and minor leaks within a building and as such save a building a considerable amount of water.
- Caroma Smart Command® Intelligent Shower launched in March 2020:
  - End of Trip facilities use approximately 7 per cent of a building's water usage (on a typical commercial office building[3]);
  - Through the Caroma Smart Command® Intelligent Shower's control mechanism, shower display and 'Smart diversion of pre-warmed water' can reduce a typical building's water use by approximately 2 per cent.

As at 30 June 2020, Caroma Smart Command® has been installed in 49 sites across Australia and New Zealand, with a solid bank of additional projects in the pipeline for FY21. Twenty-three sites have been migrated to the cloud platform.

1 Based on a typical 20-floor office building in Sydney with an average NABERS rating of 2.5 stars and the implementation of the full Caroma Smart Command® ecosystem
2 Norman Disney Young
3 Norman Disney Young

BUILD RESILIENT INFRASTRUCTURE, PROMOTE SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION

GWA is committed to designing and developing new products and systems in Australia for Australian and New Zealand consumers with performance that exceeds stringent local standards and contributes to water efficiency in the built environment.

GWA operates a purpose-built Innovation and Distribution Centre in Prestons, NSW which includes a state-of-the-art 2,000 square metre innovation centre to house GWA's research and development facilities. This facility employs 70 people including product engineers, committed to designing, developing and commercialising water-efficient products and systems.

MAKE CITIES INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

GWA's rich heritage in designing and delivering water-saving and efficient products and systems continues to assist cities and communities achieve sustainability goals, particularly in the area of water efficiency.

ENVIRONMENTAL IMPACT

GWA continues to implement an active program to minimise its impact on the environment.

Across our business, we remain committed to complying with government environmental regulations, identifying and addressing environmental risks and managing the use of our resources in a responsible manner.

The three main components of environmental assessment include GWA's usage of water and production of greenhouse gas emissions and waste.

WATER

As a pioneer in the development of water-saving systems and products in the built environment, GWA recognises the importance of using water efficiently across our own business.

We have specific environmental performance measures for water consumption across our business and maintain plans for continuous improvement on water use.

GWA's controlled facilities consumed approximately 10,187 kilolitres of potable water during the year ended 30 June 2020. This represents an increase on the prior year of 67 per cent with the main driver being the inclusion of water consumption for Methven which was not recorded in the prior year. Water consumption at GWA's controlled facilities in Australia increased by 5 per cent on the prior year.

CASE STUDY – METHVEN VJET® PERSONALISES YOUR SHOWER EXPERIENCE

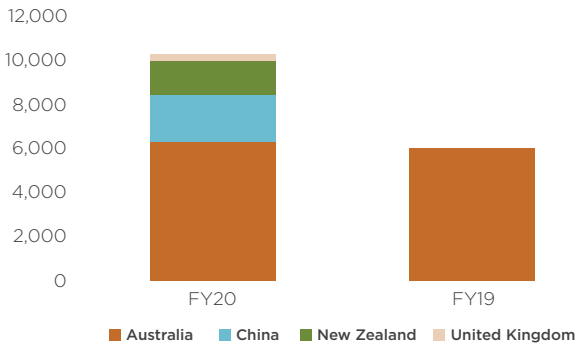
Methven set out to create a showering experience that puts consumers in control. Cleverly hidden channels create spirals of water that are precisely released through individual nozzles. A smooth slider allows for seamless transition from a firm, invigorating spray, to a gentle, enveloping warmth and everything in between. Whether in need of revitalisation, relaxation or simply getting clean, VJet® is the first shower uniquely tailored to consumers.

Methven's mission was to create an amazing shower experience using more sustainable and long-lasting materials. The Tūroa range includes matching stainless steel tapware and accessories to enhance any modern bathroom design. Tūroa is inspired by familiar forms and materials, and is crafted from high-quality stainless steel. Stainless steel is harder-wearing than traditional brass and avoids the need for chrome plating.

CASE STUDY – CAROMA 20-YEAR WARRANTY

As part of its commitment to sustainable product design, Caroma announced during FY20 that its market-leading product warranty has now been extended to 20 years. For over 75 years, Caroma has been at the forefront of innovation and design of quality bathroom and kitchen products and this new, extended warranty is our sustainable promise to customers that Caroma products will stand the test of time.

WATER (KILOLITRES) CONSUMED BY REGION



GWA continues to implement water-saving measures across our operations to reduce usage. The following are examples of key initiatives:

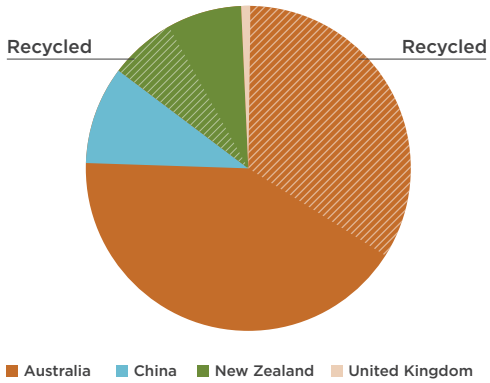
- The amenities at GWA's Welshpool, WA site were upgraded from the previous 9L and 6L flush toilets to 4.5L/3L dual flush toilets to reduce water consumption;
- Rainwater is used in the lab and production facilities at GWA's Avondale, NZ site. The water is then recycled through a treatment plant which in FY20 generated 4.276 million litres of recycled water;
- Rainwater tanks were installed at GWA's Pinkenba, QLD and Welshpool, WA sites for the gardens and fire systems' use;
- All GWA's Australian sites have installed a Caroma Smart Command® intelligent bathroom system enabling the monitoring and control of water use at the sites;
- GWA's Innovation and Distribution Centre at Prestons, NSW has installed five 10,000 litre and one 25,000 litre rainwater tanks. Recycled water is used for irrigation and toilet flushing. The site has been awarded a 5 Star Green Star Rating which represents excellence in sustainable design and construction;
- GWA's Alexandria, NSW flagship store has water storage tanks incorporated into the showroom which are filled from rainwater then used to run the functioning product displays. GWA's Norwood, SA flagship store uses recycled water for its functioning toilet displays.

WASTE

GWA has specific environmental performance measures for waste reduction and resource use in the business.

GWA's controlled facilities produced approximately 513 tonnes of solid waste (comprising general waste, cardboard, and low-density polyethylene and wood) for the year ended 30 June 2020. Approximately 306 tonnes went to landfill and approximately 207 tonnes were diverted from landfill and recycled in FY20.

WASTE BY REGION



CASE STUDY – CAROMA CONTINUES TO PIONEER WATER-SAVING INITIATIVES

GWA is working with the Australian Department of Foreign Affairs and Trade to deliver the Caroma Smart Command® ecosystem to the Australian Pavilion at the Dubai World Expo in 2020 (now 2021 due to COVID-19). Following the installation of Caroma Smart Command® the Australian Pavilion will be the most water-efficient pavilion at World Expo. The building is scheduled to be commissioned in September 2020.

In 2021, Caroma Smart Command® will launch the Sustainable Water Summit, which will be a forum for industry leaders across Australia to discuss what the future in sustainable water management in the built environment looks like and what our pathway to success is through data and innovation. At this event we will showcase various case studies which demonstrate the water-saving benefits of Caroma Smart Command® and discuss other benefits like hygiene, wellness and maintenance. The summit was scheduled for May 2020, but due to COVID-19 restrictions has been postponed to February 2021.

GWA remains a member of the Australian Packaging Covenant (APC) which sets out how governments and businesses share the responsibility for managing the environmental impacts of packaging. As a signatory to the APC, we are committed to reducing the impacts of packaging within our supply chain. GWA is also a signatory to the world-renowned Australian Recycling Label, created by APC and Planet Ark.

GWA continues to implement waste-reduction initiatives across our operations to reduce waste. The following are examples of key initiatives:

- At GWA's Avondale, NZ facility all the brass, zinc and copper from the machining process and any returns are recycled into ingot for the casting process;
- GWA's Heshan, China manufacturing site returns the resin sand waste produced from casting to the provider for the purposes of recycling and ensures all lube waste from the production process is collected by a certified treatment company to minimise environmental impact;
- Various packaging reduction projects at our Methven, UK facility resulted in measured savings of 468kg of cardboard;
- Recycling is encouraged in GWA offices and showrooms where we have separate waste bins for general waste and recycling. GWA distribution centres have separate bins for the recycling of cardboard, plastics and wood managed by our national waste provider;
- GWA monitors obsolete stock disposals and where possible donates to charity or recycles the products to minimise the volume sent to landfill;
- GWA has implemented a program to reduce the volume of cardboard by reviewing pack sizes, reducing board grade thickness and downsizing where appropriate;
- GWA has deleted polyfoam from packaging within a core range of Stock Keeping Units which has resulted in over 40 square metres' saving of polyfoam.

CASE STUDY – RAINWATER HARVESTING AND RECYCLING

At GWA's Avondale, NZ site rainwater is harvested from the factory roof, passed through a five-stage filter and UV sterilisation process and stored in temperature-controlled and chlorinated tanks. From here, the water is used in our recycled water system for product testing in the factory, testing in the R&D laboratory and in the factory bathrooms. Clean, used water from the R&D laboratory is recycled back through the filtration system to be used again and again.

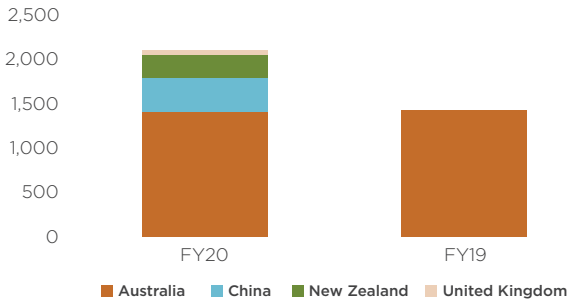
ENERGY

GWA continues to work towards reducing its energy consumption across the business by improving the energy efficiency of our operations.

GWA is a low emissions-intensity entity as our business activities are less carbon intensive than other sectors. We continue to voluntarily report our carbon emissions and energy use with the reports available on the Group's website at www.gwagroup.com.au under Carbon Reporting.

For the period ended 30 June 2020, total carbon emissions from GWA's controlled facilities were approximately 2,118 tonnes of carbon dioxide equivalent (CO2e).
This represents an increase on the prior year of 46 per cent with the main driver being the inclusion of carbon emissions for Methven which was not recorded in the prior year. Carbon emissions at GWA's controlled facilities in Australia reduced by 1 per cent on the prior year.

C02e (TONNES) PRODUCED BY REGION



GWA continues to actively identify energy efficiency and greenhouse gas abatement opportunities throughout our business operations. The following are examples of key initiatives:

- GWA's Distribution Centre at Pinkenba, QLD installed solar panels and LED lighting and is expected to return a 50 per cent reduction in annual energy consumption;
- GWA's Australian motor vehicle policy was reviewed to include hybrid vehicles which represented 60 per cent of new car orders in the past 12 months;
- Over 70 per cent of GWA's forklift fleet have been changed from gas to electric units;
- A 250kW solar panel system was installed at GWA's Innovation and Distribution Centre at Prestons, NSW. Since installation in July 2018, the solar panel system has saved 560 tonnes of CO2e. Other initiatives at the site include LED lighting in the warehouse and motion sensor lighting in offices.

CASE STUDY – CLOSED-LOOP PALLET SYSTEM

GWA's Australian East Coast Distribution Centres purchase approximately 55,000 pallets per annum that equates to 1,714 tonne of virgin wood. Using the principles of Recover, Reuse, Reduce and Recycle we are implementing a closed-loop pallet system to reduce our consumption of new pallets. Partnering with key customers, we aim to remove up to 25 per cent (428 tonne) of virgin wood out of our supply chain in the first year of the project.

PALLET RECYCLE SYSTEM

1. GWA palletises product → **2.** GWA ships palletised product to customer → **3.** Customer uses pallet onsite *or* Customer retrieves pallet from third party → **4.** Customer notifies GWA – bulk pick-up → **5.** GWA recovers and re-uses pallet → 1.

SECTION 6

Ethical and Sustainable Sourcing

MANUFACTURING SUPPLY PARTNERS

GWA's products are manufactured under long-term exclusive contracts and agreements with a range of offshore supply partners, and with light manufacturing operations in New Zealand and China. The supply partners are located in:

- China
- Malaysia
- Vietnam
- Thailand
- Italy
- Sweden
- Germany

The number of key manufacturing supply partners across geographic regions as at 30 June 2020 was:

- Asia – 31
- European Union – 4

ETHICAL SOURCING

GWA is committed to conducting its business in an environmentally and socially responsible manner.

That commitment is reflected across our business operations and it also extends to the expectations we maintain of our manufacturing supply partners to operate to the same exacting standards.

At a minimum, GWA expects all suppliers to be in strict compliance with the United Nations Ethical Trading Initiatives (ETI) and International Labour Organisation Conventions (ILO).

Further, we expect our manufacturing supply partners to comply with all laws and regulatory requirements regarding health, safety and welfare at each respective facility to ensure the health, safety and welfare of all workers, customers and any visitors to the facility.

Supply partners must also comply with all applicable laws, rules, regulations, standards and codes which relate to the manufacture, packaging, facilities, storage and delivery of products and the operation of the facility.

To underpin this commitment, GWA maintains a Supplier Due Diligence Policy which details our expectations to which all supply partners (including sub-contractors engaged by supply partners) must adhere.

This policy specifies how GWA maintains the appropriate level of due diligence while monitoring ongoing supplier relationships and ensuring standardisation of approach across GWA.

GWA conducts factory visits to supply partners by senior management on a regular basis to verify compliance with local laws and safety conditions as well as GWA's Supplier Due Diligence Policy. We work with our overseas suppliers to assist them in adopting workplace safety standards similar to those applying in Australia.

All inventory supply partners must undergo a Supplier Site Visit Assessment (SSV) prior to entering into purchasing arrangements with GWA. The SSV provides a detailed assessment of the supplier's facilities and the manner in which they are operated, including safety, environmental and human resource-related factors.

These requirements include, but are not limited to, acceptable labour rights, appropriate working conditions, exclusion of child labour, liveable wages and working hours, avoidance of discrimination, humane treatment of employees and environmental sustainability. The supply partner must also demonstrate it can confirm compliance with national and regional laws and regulations.

GWA maintains a Supplier Corporate Social Responsibility Checklist to which supply partners are held accountable.

This incorporates the following key areas:

BRIBERY & CORRUPTION

- Suppliers must not engage in any acts of bribery and corruption in any form including falsifying documents and records.

LABOUR RIGHTS

- There is no forced bonded or involuntary prison labour;
- Workers are not required to lodge deposits or their identity papers with their employer and are free to leave their employment after reasonable notice;
- Employment is freely chosen;
- Freedom of association and the right to collective bargaining are respected;
- Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively;
- The employer adopts an open attitude towards the activities of trade unions and their organisational activities;
- Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace;
- Where the right of freedom of association and collective bargaining is restricted under the law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

WORKING CONDITIONS

- A safe and hygienic working environment will be provided, bearing in mind the prevailing knowledge of the industry and any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health in the working environment;
- Workers will receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers;
- Access to clean toilet facilities and to clean drinking water and, if appropriate, sanitary facilities for food storage shall be provided;
- Accommodation, where provided shall be clean, safe and meet the basic needs of the workers;
- Suppliers will ensure that all personal protective equipment (PPE) is available and workers are trained in the use of PPE where required. Safeguards on machinery must meet or exceed local laws;
- Suppliers will assign responsibility for health and safety to a senior management representative.

CHILD LABOUR

- Suppliers will not allow the use of child labour.

LIVING WAGES

- Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should meet the basic needs and to provide some discretionary income;
- All workers are to be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid;
- Deductions of wages as a disciplinary measure or any deductions from wages not provided for by law shall not occur without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

WORKING HOURS

- Working hours comply with the national laws and benchmark industry standard, whichever affords greater protection;
- In any event, workers will not on a regular basis be required to work in excess of 48 hours per week and will be provided with at least one day off for every seven-day period on average. Overtime will be voluntary, will not exceed 12 hours per week in addition, will not be demanded on a regular basis and will always be compensated at a premium rate.

DISCRIMINATION

- There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation;
- There is no harsh or inhumane treatment;
- There is no physical abuse or discipline. The threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

ENVIRONMENTAL COMPLIANCE

- The facility will comply and dispose of its waste in accordance with national and local environmental laws and regulations;
- The facility must have identified and documented its key environmental impacts and implemented controls to minimise its impact on the environment with respect to solid waste disposal, hazardous chemicals storage and management, air and water emissions.

AUDITING THE SUPPLIERS

GWA has instituted modern slavery and ethical sourcing audit programs. Third-party audits are conducted through site visits, document review and interviews with representatives from the supplier. Suppliers are required to remediate any issues identified within an appropriate period, depending on the nature and severity of the non-compliance.

This program is largely performed by GWA personnel, however in FY20, this was supplemented by the engagement of a specialist independent auditor as part of GWA's internal audit program. During FY20 GWA conducted audits on two major Asian supply partners. A third audit was planned to be conducted in FY20 however this was delayed due to the COVID-19 pandemic and associated travel restrictions.

The two audits conducted represented 25 per cent of GWA's outsourced manufacturing spend. The third audit, representing a further 6 per cent of GWA's spend, is expected to be conducted in FY21.

No modern slavery or ethical sourcing issues were identified as a result of these audits during FY20.

MODERN SLAVERY REPORTING

GWA acts ethically and with integrity in all its business dealings and relationships including the implementation and enforcement of effective systems and controls to ensure modern slavery does not take place in its own business or in any of its supply chain. GWA has a zero-tolerance for modern slavery.

The company issued its Modern Slavery Statement under section 14 of the Modern Slavery Act 2018 (Cth) for the financial year ended 30 June 2020 on 17 August 2020 and lodged the report with the Australian Border Force.

This statement details the operations of GWA and its subsidiaries and outlines the potential risks to modern slavery that may exist within our business. The statement also details the specific mitigations GWA has implemented across its businesses to address the identified risks.

The statement provides an update on how GWA is measuring the effectiveness of the actions taken to assess and address the risks of modern slavery practices across its operations and supply chain.

GWA's Modern Slavery Statement for FY20 can be found on the Group's website at www.gwagroup.com.au under modern slavery reporting.

MODERN SLAVERY ACTIONS

During FY20, the following modern slavery risk mitigation actions were undertaken:

- Board approval and implementation of a group-wide policy against slavery and trafficking in persons which was communicated to staff and key suppliers;
- The appointment of an Ethical Standards Officer who is responsible for the implementation and monitoring of the policy and ensuring internal control systems are effective in countering modern slavery risks;
- The development and roll-out of an online modern slavery training module to all staff to assist with modern slavery compliance, risk identification and reporting;
- The communication and reinforcement of GWA's Cultural Pillars to all staff which outline our company values and standards of behaviour expected in the business and how we conduct business activities;
- The updating and roll-out of GWA's Whistleblowing Policy which provides an avenue for staff to raise concerns of unethical conduct including human rights issues;
- The maintenance of long-standing key supply partners which provides a level of transparency and trust in their business operations and ethical practices;
- The requirements of key supply chain partners to address potential risks of modern slavery in their operations by updating Manufacturing and Supply Agreements, on renewal, to include specific clauses on compliance with modern slavery laws;
- The implementation of a modern slavery and ethical sourcing audit program conducted by GWA personnel and supplemented by a specialist independent auditor as part of GWA's internal audit program. Audits of two major Asian supply partners were conducted in FY20 with a third audit delayed until FY21 due to the COVID-19 pandemic.

SECTION 7

Community

GWA's policy is to act responsibly, ensuring that our people deal appropriately with the communities in which we operate, to encourage and gain their support.

During FY20 GWA continued to partner with a range of community-based and charitable organisations to support their endeavours, which is in line with our vision of making life better.

GWA AND THE SMITH FAMILY, MAKING LIFE BETTER

The Smith Family is the largest Australian children's education charity helping young Australians living in disadvantage to succeed at school, so they can create better futures for themselves.

The Smith Family supports children in need through their flagship Learning for Life program. This evidence-based program helps children to participate in their education more fully through a three-step approach. Financial, practical and emotional support aids in their educational journey throughout their school years.

This innovative approach is improving the attendance and outcomes at school for children in need, and is enabling them to be engaged in further study or work after leaving the program.

For the past two years GWA has supported 60 children in drought-affected areas in Australia.

SUSTAINABLE COASTLINES

Sustainable Coastlines' mission is to enable people to look after the coastlines and waterways they love. They co-ordinate and support large-scale coastal clean-up events, education programs, public awareness campaigns and riparian planting projects.

GWA has continued its sponsorship of Sustainable Coastlines, which is assisting in removing 30,000 litres of rubbish annually from New Zealand beaches and waterways.

SUPPORTING OUR COMMUNITY IN THE UK

In the UK, GWA continues its support of the Wigan and Leigh Hospice. This hospice is a charity which provides care and support to people who have been diagnosed with a life-limiting illness that is no longer curable. The hospice supports the 'whole needs' of individual patients including their physical, emotional, social and spiritual needs, and support is also provided by the hospice for those people who are most important to its patients. Their care extends to patients with any life-limiting illness including – but not limited to – cancer, respiratory and heart conditions and neurological conditions.

GWA also supports Macmillan Cancer Support which is one of the largest British charities and provides specialist health care, information and financial support to people affected by cancer. It also looks at the social, emotional and practical impact cancer can have, and campaigns for better cancer care. Macmillan Cancer Support's goal is to reach and improve the lives of everyone living with cancer in the UK.

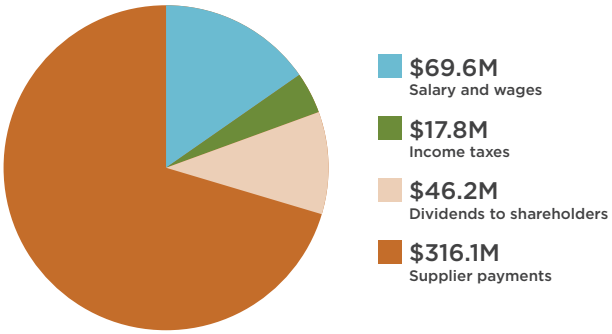
GWA SUPPORTS BUSHFIRE CHARITY RELIEF

The devastating bushfires in early 2020 caused widespread destruction across Australia and particularly in regional NSW. In February 2020, GWA held Bushfire Charity events at our flagship stores in Sydney and Adelaide with donations and proceeds going towards the recovery effort.

GWA IN THE COMMUNITY

In FY20, GWA spent approximately $69.6 million on salary/wages and benefits to our employees; $17.8 million was remitted in income taxes; $46.2 million was returned to GWA shareholders in the form of dividends; and $316.1 million was paid to our suppliers. This is outlined in the following chart.

GWA IN THE COMMUNITY



TAX TRANSPARENCY

GWA's corporate governance framework, of which taxation is an important element, is critical in maintaining high standards of corporate responsibility and fostering a culture that values ethical behaviour, integrity and respect.

These principles are reflected in GWA's Corporate Governance Statement and guide GWA's approach to its tax compliance, reporting and payment obligations. GWA's Board Tax Corporate Governance Policy requires GWA to pursue a tax strategy that is transparent and sustainable in the long term.

In conducting its activities, GWA:

- Does not shift and/or accumulate profits in low-or zero-tax jurisdictions;
- Does not use the secrecy rules of jurisdictions to hide assets or income;
- Pays tax where the underlying economic activity occurs;
- Manages tax affairs in a pro-active manner that seeks to maximise shareholder value, while operating in accordance with the law.

GWA is a signatory to the Board of Taxation's Voluntary Tax Transparency Code (Code). The Code is designed to encourage greater transparency within the corporate sector and enhance the community's understanding of the corporate sector's compliance with Australian tax laws. GWA's Tax Transparency Reports follow the recommendations outlined in the Code and are available on our website at www.gwagroup.com.au under Tax Transparency.

For FY19, over 95 per cent of GWA's corporate income tax is paid in Australia consistent with more than 95 per cent of GWA's profit before tax being recognised in Australia. The below table summarises federal and state taxes GWA has paid pertaining to the year ended 30 June 2019 in Australia including in relation to Methven from the date of acquisition.

	30 June 2019 $'000
Corporate income tax	17,064
Net GST	25,711
Payroll taxes (including FBT)	3,587
Employee pay as you go ('PAYG')[1]	15,075
Total	**61,437**

1 PAYG is withheld and paid to tax authorities on behalf of GWA's employees.

SECTION 8

Governance and Risk Management

GWA recognises that effective risk management processes help ensure the business is more likely to achieve its business objectives and corporate governance responsibilities.

GWA has comprehensive risk management policies and practices across the Group. The Board conducts annual reviews of the Group's risk management framework to ensure that it continues to be sound.

GWA's risk management processes include defining the risk oversight responsibilities of the Board and the responsibilities of management in ensuring risks are both identified and effectively managed. While ultimate responsibility for risk oversight rests with the Board, the Audit and Risk Committee is the delegated mechanism focusing on risk oversight, risk management and internal controls. The Audit and Risk Committee reports to the Board on risk management and internal control matters in accordance with its main responsibilities as outlined in the Audit and Risk Committee Charter.

Further details on GWA's corporate governance and risk management processes can be found in our Corporate Governance Statement on the Group's website at www.gwagroup.com.au.

KEY RISKS AND MITIGATIONS

GWA's keys risks to its future prospects, and measures to mitigate these risks where possible, are outlined in the following table:

Risk	Monitoring and Mitigation
A significant deterioration in building activity impacting sales growth and margins	GWA monitors building activity carefully and this is factored into the company's monthly reporting, forecasting and annual budget and planning processes. Approximately 59 per cent of GWA's revenue is generated from the Renovation and Replacements segment which is the largest and most stable segment of the overall market. GWA's forward order book for commercial projects remains solid with several major projects secured. The COVID-19 pandemic is expected to have a negative impact on building activity in FY21.
A significant movement in the Australian dollar impacting the price of imported products leading to changes in market pricing in order to maintain margins and competitiveness	GWA monitors foreign exchange rates closely and adopts appropriate mitigation strategies. Approximately 73 per cent of US dollar exposure is hedged at US$67 cents for FY21. GWA's contracts with major customers include provisions for pricing changes based on significant movements in the Australian dollar.
Unforeseen disruptions impacting product supply from offshore suppliers leading to reputational damage, lower sales and loss of market share	GWA has exclusive long-term supply partnerships with experienced suppliers. GWA's supply chain processes include dual-sourcing strategies to mitigate the risk of supplier disruption. GWA has its own employees located in Asia working directly with its supply partners.
Security risks around external threats to the digital network, IT systems and data could potentially result in adverse operational, financial and reputational impacts through possible system failures and security / cyber breaches	GWA has established a formal IT security risk and governance framework to address any current gaps.
Workplace Health and Safety risks could potentially result in physical injury to employees, contractors or others, or damage to the Company's reputation	GWA remains committed to continuous improvement in workplace health and safety performance and has implemented comprehensive safety systems and processes, communication with employees and increased diligence in identifying and removing safety risks.
Major global event (eg, war, pandemic) impacting GWA's ability to operate, including workforce, supply chain and customer service disruptions	GWA has comprehensive crisis management and business continuity plans in place which were activated to address the COVID-19 pandemic. The plans guide GWA's response to COVID-19 and are continually reviewed to ensure they remain effective.

GWA
Group Limited

Building 3B
200 Holt Street
Pinkenba QLD 4008

Telephone: 61 7 3109 6000
Facsimile: 61 7 3852 2201

Website: www.gwagroup.com.au