

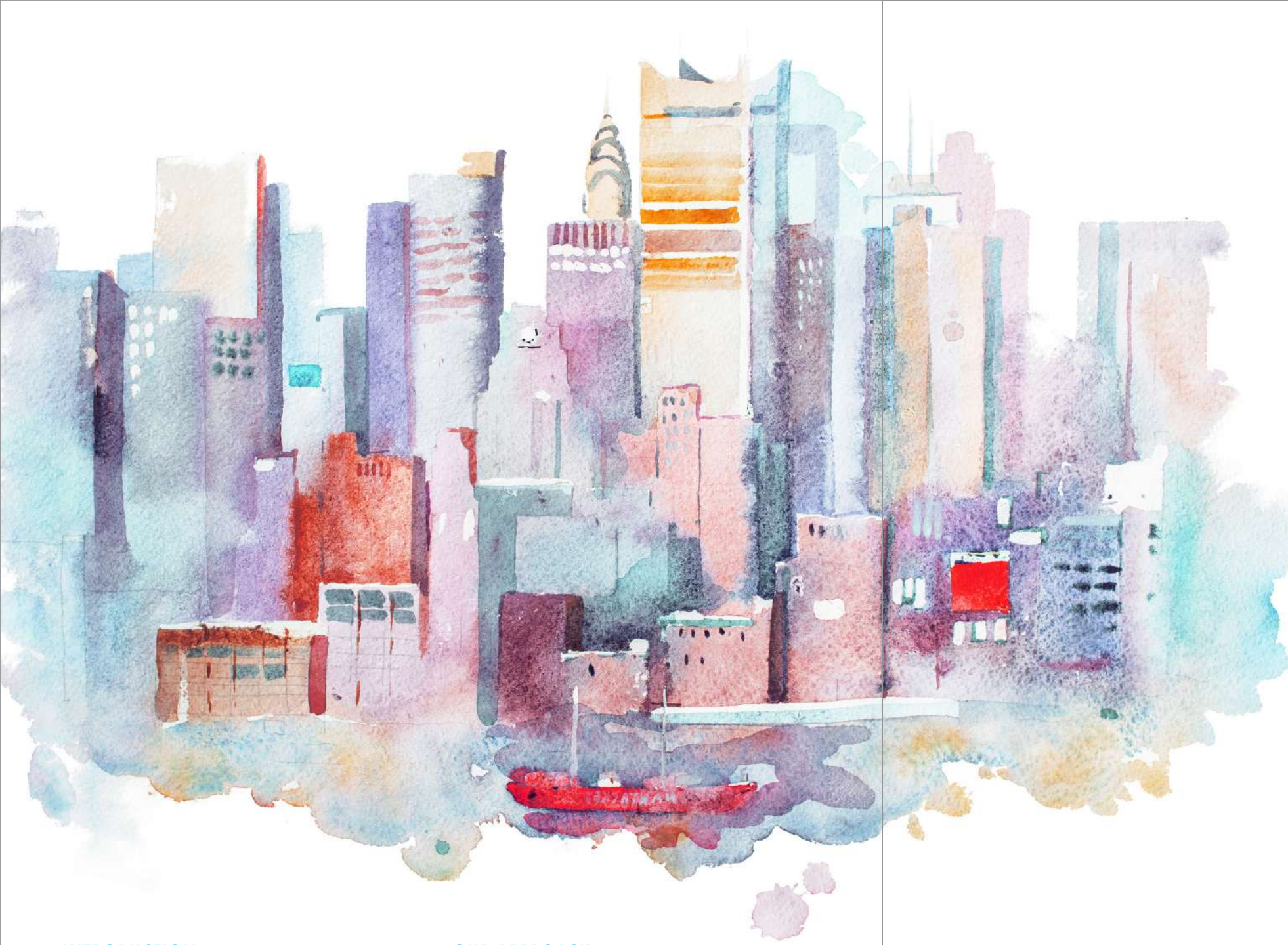


## **2020 CORPORATE SOCIAL RESPONSIBILITY**



A brief introduction to our approach  
to conservation and equity

*Culligan.*



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## From Our CEO

Nothing is more important to life than water. From microscopic organisms to massive cities, water sustains us all. That's why, for more than 80 years, we've worked to provide the world with safe, clean, and affordable water.

But today, the world faces a new range of challenges, from climate change to calls for greater equity. And these challenges require a global effort, with individuals, corporations, and governments working together to build a better world. That's why we're renewing our commitment to making a real difference in the health and wellness of all people throughout the world.

Culligan has always been a purpose-led business, which also means that our values are for more than show: they guide our decisions every single day. So as we created our Corporate Social Responsibility strategy, those values inspired our Commitments, a set of goals that align with UN Sustainable Development Goals and serve as the focus of our work to build a better world.

In this booklet, you'll find more about the Values that shape us, the Commitments that drive us, and the world that inspires us. But most importantly, you'll find our hope and optimism for the future. Because everything we aspire to is based on the core idea that, together, we can create a cleaner, healthier world for all.

**Scott Clawson**  
President and CEO

## About Culligan

Founded in 1936, Culligan was created with the goal of making better water available to homeowners. Since then, we've grown to become a global leader in delivering cleaner, healthier water.

Today, we provide water, filtering and delivery systems to people around the world through brands like Culligan, Zip, ZeroWater, Quench, and Harvey. With this broad footprint, we serve homes, businesses, public spaces, and

anywhere that people need water. It also enables us to have a greater impact on sustainability initiatives.

Culligan has long been a leader in innovative methods for cleaning and delivering water to people around the world. We continue to develop and refine products that change both how people consume water and how the rest of the industry works.

Our portfolio encompasses more than 30 brands around the world, including:



## The Culligan Purpose

At Culligan, we make a real difference in the health and wellness of people throughout the world by providing *cleaner, safer, and great-tasting water.*

## The Values That Define Us

### Consumers come first

Everything we do is focused on helping people. That means we always strive to put consumers first, to hear and understand their needs, and to seek out ways to both serve and delight them whenever possible.



### Commitment to innovation

We are constantly striving to create better ways to deliver clean water. And we believe that the best way to stay ahead of the changing world is to see it through the eyes of others, to welcome new experiences and knowledge, and to constantly work to improve and grow.



### Culligan as one

We support every member of the Culligan family, regardless of race, gender, or identity. Throughout our company, we encourage a collaborative culture where everyone is free to volunteer their knowledge and skills, share their unique stories, and learn from those around them, including successes and failures.



### Courage to do what is right

We believe that what's right for people is right for companies. We value and embrace diversity and respect for our fellow humans, always act ethically in our business practices, and make sustainability a key focus of everything we do.



### Consistently deliver exceptional results

We believe that water needs to be great: every single glass, every single day, for every single person. So we are committed to improving every part of our processes by creating an atmosphere that encourages people to grow and succeed, following through on our word, and being accountable for our actions.



## Addressing Today's Challenges

Sustainability is a multifaceted challenge, and building a more sustainable world is a task that requires all of us to do what we can. At Culligan, we believe that clean, healthy water can help contribute to improving the lives of people around the world, and is a key driver towards solving some of the biggest challenges that lie in our future.

We've worked with subject matter experts to identify the areas where Culligan is best able to contribute to the work of building a more sustainable world for all.

### PLASTIC POLLUTION

- 1 million single-use plastic water bottles are consumed per minute worldwide
- Without action, the annual flow of plastic into the ocean will nearly triple by 2040, to 29 million tons per year

### ACCESS TO SAFE DRINKING WATER

- 2.2 billion people globally lack safe drinking water
- 800 million don't have access to drinking water at the tap
- Emerging contaminants in water are creating major public health issues

### HEALTH

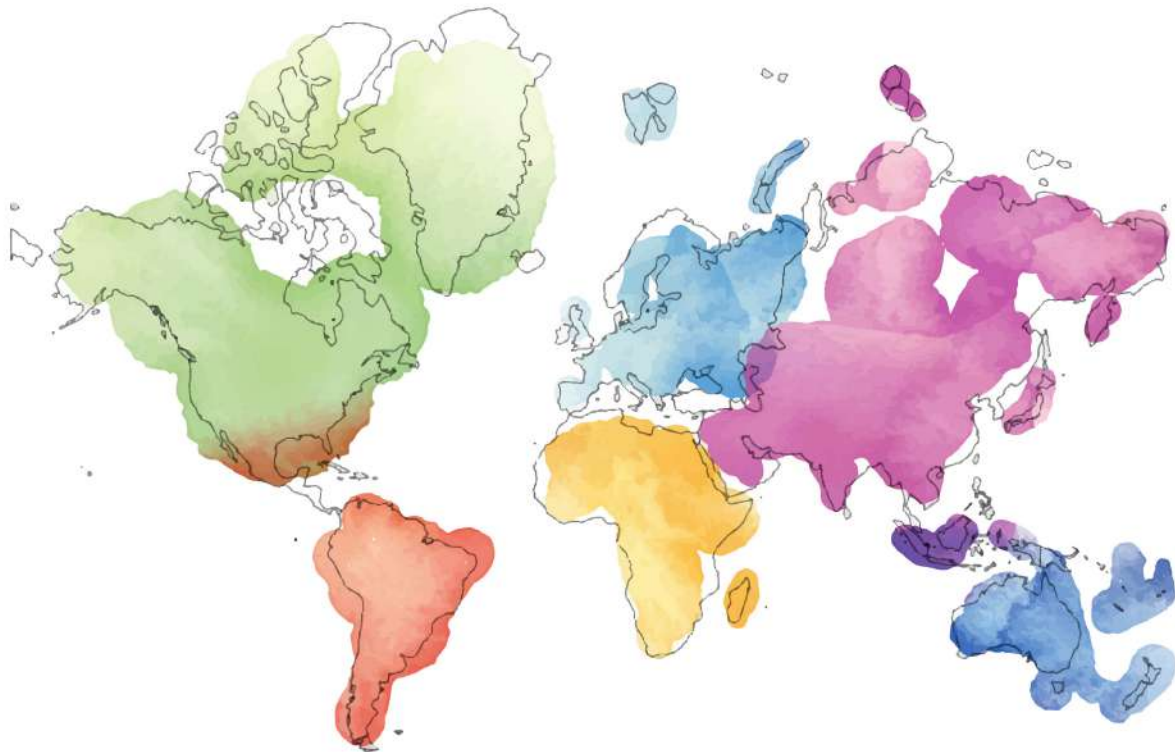
- 13% of adults in the world are obese, with studies finding a direct link between obesity and soft-drink consumption. Global obesity has nearly tripled since 1975
- 75% of Americans are chronically dehydrated

### CLIMATE CHANGE

- Global greenhouse gas emissions are projected to increase temperatures by 3°C by 2100
- Worldwide in 2019, 15 climate disasters cost >\$1 billion each, with 7 events costing >\$10 billion each

### DIVERSITY AND INCLUSION

- Research shows 19% lower revenue due to limited innovation for companies with below-average diversity scores



**Our goal is to do everything we can in the areas where we are best equipped to truly effect change. We believe that every action we take today is a building block towards the work we can do tomorrow, and that an ongoing commitment to sustainability will both help us shape a better world and create new opportunities for growth and global change.**

## Sustainability By The Numbers

**30X<sup>1</sup>**

carbon footprint reduction from avoiding single-use plastic bottles when using bottle-free systems

**15B+**

plastic bottles globally saved from landfill waste each year thanks to Culligan products

**8.5M**

offices and homes globally use our cleaner drinking water

**#1**

eco-friendly and sustainable provider of premium drinking water and treatment solutions for consumers

**1,440**

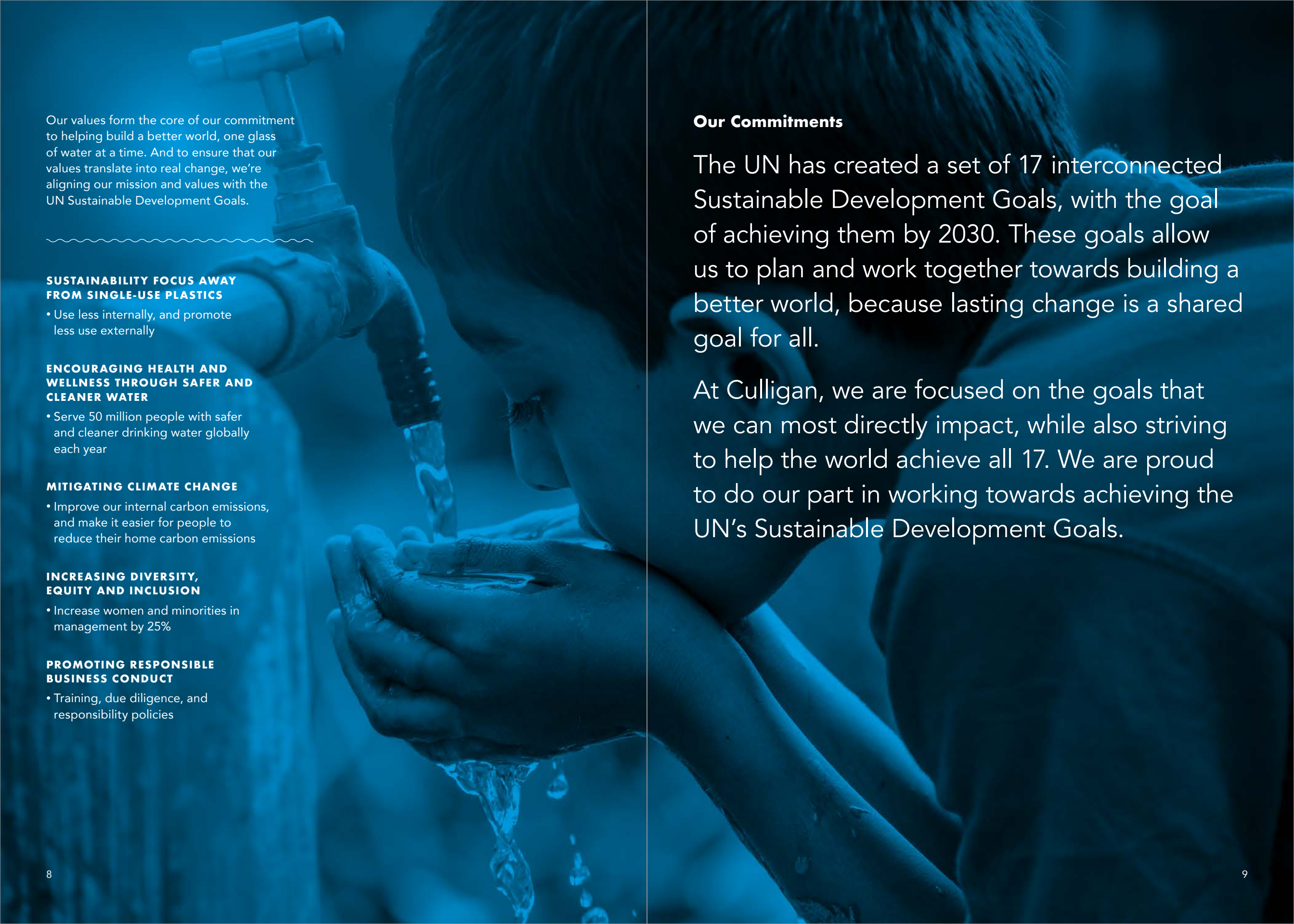
single-serve bottles saved annually from each new bottle-free cooler

**50%**

reduced demand for cleaning products when people use a Culligan softener

**Up to 24%<sup>2</sup>** lifecycle energy cost savings when using soft water

1. Hanover Research, 2020  
2. Battelle Study, 2009



Our values form the core of our commitment to helping build a better world, one glass of water at a time. And to ensure that our values translate into real change, we're aligning our mission and values with the UN Sustainable Development Goals.

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**SUSTAINABILITY FOCUS AWAY FROM SINGLE-USE PLASTICS**

- Use less internally, and promote less use externally

**ENCOURAGING HEALTH AND WELLNESS THROUGH SAFER AND CLEANER WATER**

- Serve 50 million people with safer and cleaner drinking water globally each year

**MITIGATING CLIMATE CHANGE**

- Improve our internal carbon emissions, and make it easier for people to reduce their home carbon emissions

**INCREASING DIVERSITY, EQUITY AND INCLUSION**

- Increase women and minorities in management by 25%

**PROMOTING RESPONSIBLE BUSINESS CONDUCT**

- Training, due diligence, and responsibility policies

**Our Commitments**

The UN has created a set of 17 interconnected Sustainable Development Goals, with the goal of achieving them by 2030. These goals allow us to plan and work together towards building a better world, because lasting change is a shared goal for all.

At Culligan, we are focused on the goals that we can most directly impact, while also striving to help the world achieve all 17. We are proud to do our part in working towards achieving the UN's Sustainable Development Goals.

## COMMITMENT #1

# Greater sustainability through the reduction of single-use plastics

The use of disposable plastic bottles has grown to constitute one of the greatest ecological challenges of our time. Every minute, more than 1 million single-use plastic bottles are used and disposed of, contributing to a growing waste that threatens to leave a long-lasting impact on our environment.

The good news is, there are ways to help. And Culligan is positioned to have a tremendous impact on this growing problem. Our products have saved billions of plastic bottles from entering landfills, while our bottle-free systems provide a 30X reduction in carbon footprint versus using single-use plastic bottles.



Sustainability goals touch every part of the world, from water to land to air, and require everyone to get involved. That's why we're leading the charge.



### Our commitment:

- Eliminate the equivalent of 100 billion single-use plastic bottles by 2025 in our value chain (including our own operations and customers)
- Reduce Culligan's plastic footprint in our own operations and supply chain
- Promote longer product life through quality and maintenance
- Improve end-of-life product management and waste management

### How we're supporting this commitment:

- 30,000 PET bottles saved per year with each public fountain we install (Italy government beach program)
- 1,440 single-serve bottles saved annually from each new bottle-free cooler

### Our current sustainability advances include:

- Product design that achieves industry-leading durability and product life
- 200X longer softener product life than UK industry standard (1 million cycles vs. 5,000 cycles)
- Using high-quality RO filters that can remove particulates down to .0001 microns (typical microplastics sized at 50 microns)

## COMMITMENT #2

# Encouraging health and wellness through safer and cleaner water

One of the challenges that faces our water supply is simply awareness. Many people are unaware of the quality of their water, as well as the ways that the lack of clean water is harming their households.

As a leading global supplier of water filtration and treatment solutions, we are uniquely positioned to spread the word about how water affects lives, how people can get clean water, and how companies and governments can help.



Water is a key pillar in the fight for healthier lives around the globe, which makes these goals of particular importance for Culligan.



### Our commitment:

- Provide 50 million people with safer and cleaner drinking water annually
- Raise awareness on water quality at the tap and around freshwater conservation
- Promote filtered drinking water
- Reduce wastewater contamination from cleaning products

### How we're supporting this commitment:

- Delivering better water to 6M+ homes and 2.5M+ offices in both developed and developing countries
- Conduct more than 125,000 laboratory quality water tests annually
- 50% reduced demand for household cleaning products when people use Culligan softeners
- Partner with NGOs through Culligan CARES to provide clean water access to people in need

### Our current sustainability advances include:

- Reduce contaminants, including microplastics, PFOA/PFOS, lead and arsenic in drinking water
- Fight obesity by encouraging drinking water as a substitute to soft drinks
- Culligan smartphone app promoting consumer water conservation and hydration



## COMMITMENT #3

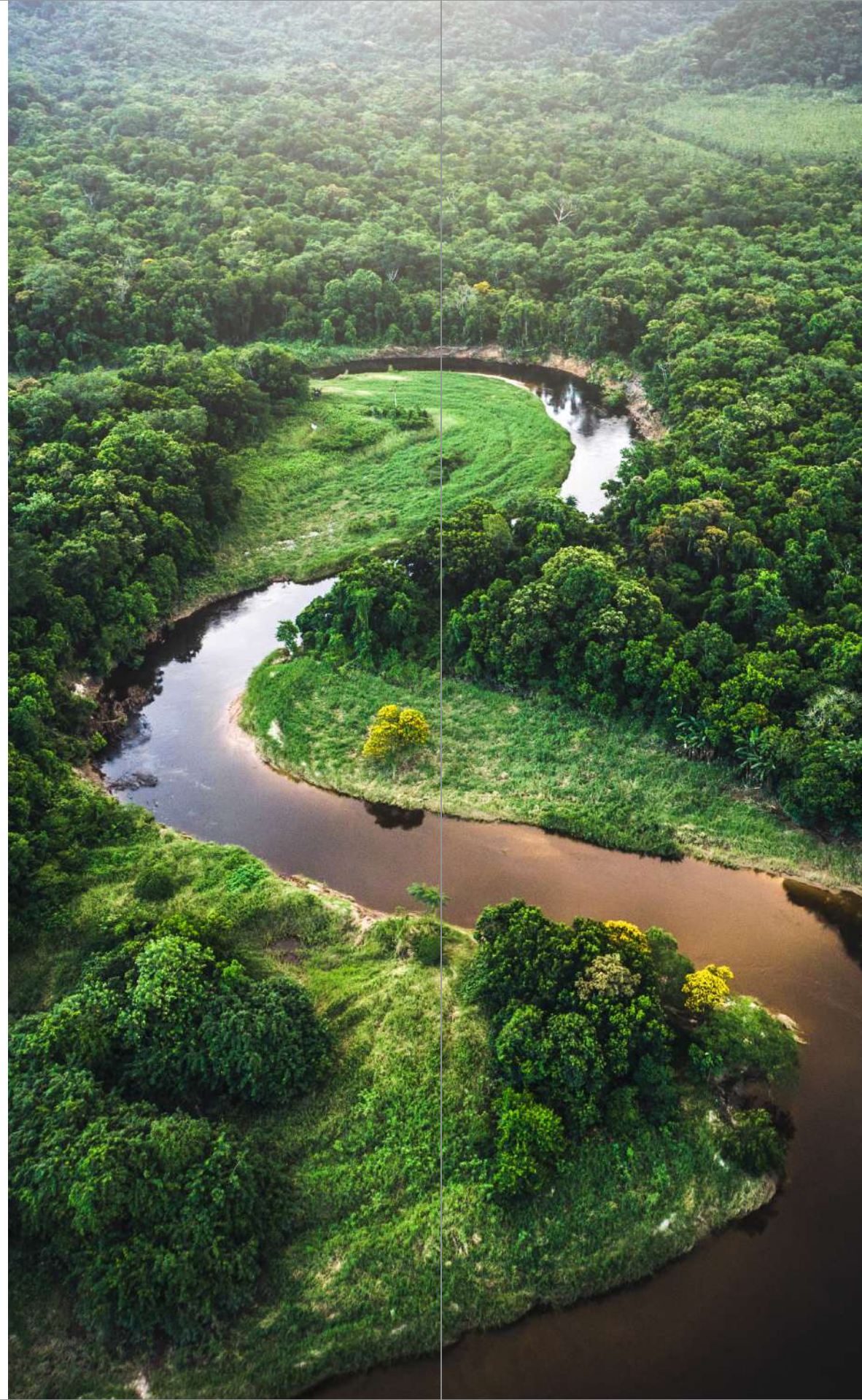
# Mitigating climate change

The looming threat of climate change is a challenge that we all must stand up to overcome. This includes small, daily changes like using fewer single-use bottles to larger, systemic changes that require global partnerships.

Our products are particularly powerful in the fight against climate change, as we are able to have a two-pronged impact on the effort: 1) by reducing our own energy consumption and carbon footprint, and 2) by enabling residential consumers and businesses to reduce theirs by using our services.



As the effects of climate change become more apparent, it's more important than ever for companies to recognize their role in building a better world for the future.



### Our commitment:

- Increase the percentage of Culligan product portfolio rated energy efficient by 2030
- Reduce household energy consumption through use of our softeners
- Reduce the carbon footprint of our own operations and logistics
- Improve efficient use of natural resources throughout our product life cycle

### How we're supporting this commitment:

- Provide 24% of lifecycle energy cost savings compared to houses without a Culligan softener
- Delivers a 30X reduction in carbon footprint when using bottle-free systems by mitigating the GHG emissions associated with single-use plastic bottle life cycle
- Ensure our product portfolio includes electricity-free and energy-efficient options

### Our current sustainability advances include:

- Quench has reduced the carbon footprint of their own operations and logistics by using low emissions, electric vehicles
- Utilizing ISO 14001 low-impact design credentials in Zip product manufacturing as part of product life cycle improvements
- Progressing facilities like Culligan Italy towards specific initiatives to minimize their carbon footprint

## COMMITMENT #4

# Increasing diversity, equity and inclusion

Water is the great leveler. No matter where you come from, it's one thing that we all share, and that unites us as humans. In this spirit, we believe in creating a company that reflects the broad range of backgrounds, ethnicities, and genders that use our water.

Because everyone deserves the right to lead a safe, healthy, and productive life. And the only way to truly better the world is to understand the perspective and experience of all who inhabit it.



Happiness and opportunity are like clean water: they should be equally enjoyed by all. We're proud to fight to make that true.



### Our commitment:

- Increase women in management across the world by 25% by 2025
- Increase minorities in management by 25% in the US by 2025
- Promote equity and non-discrimination within the organization
- Increase employee satisfaction

### How we're supporting this commitment:

- Require unconscious bias training for senior leaders
- Require managerial open positions include a minimum of two female and/or minority candidates globally
- Field global employee engagement survey by end of 2020

### Our current sustainability advances include:

- Percentage of minorities in Culligan management (US) has doubled since 2013 to 21%
- Established global women's leadership group and Diversity, Equity and Inclusion council
- Policies that include pay equity and representation considerations, as well as requiring equity and non-discrimination within the organization

## COMMITMENT #5

# Promoting responsible business conduct

The work we do is a vital part of building a more sustainable world. But what we do is as important as how we do it. A more just and representative world can only be created by pursuing those goals through ethically conscious practices.

From top to bottom, we are committed to growth and a global impact that is built on a foundation of responsible conduct, respectful actions, and open hearts and minds.



Part of building a better world is creating the conditions for that world to grow and thrive. Promoting responsible business practices helps us create lasting change.



### Our commitment:

- Embed responsible business conduct into policies and management systems
- Increase safety training as well as management and awareness in the organization to lower our RIR and LTIR
- Conduct environmental and human rights due diligence with main suppliers
- Set up a Responsible Supply policy across businesses

### How we're supporting this commitment:

- Conducting annual ethics training across all businesses as well as anti-bribery training for all key roles
- Performing environmental diligence for all acquisitions

### Our current sustainability advances include:

- Track employee safety incidents, both Reportables (RIR) and Lost Time (LTIR) and produce quarterly reports across businesses to promote a safe working environment
- Building an increasingly diverse board, which also includes Audit and Compensation committees
- Achieving a high traceability of products and components and auditing suppliers to ensure compliance

## Success Stories



### ZIP WATER

Zip Water, a global provider of built-in faucets, taps, and filters, has sustainability in its DNA. Every home or office that installs their products takes a step towards sustainability by reducing their need for bottled water. And because of Zip's responsible manufacturing (ISO 14001) and low-impact design credentials, plus world-class environmental life cycle assessment on their products, they are made to minimize environmental impact from start to finish.

Beyond the core sustainability of its products, Zip has continued to reduce its impact on the environment in recent years:

- 25% reduction in waste
- 25% paper waste reduction
- 9% reduction in metal use overall per product

And over the last few years, Zip has continued to improve their sustainability practices, resulting in:

- 28% savings in gas consumption
- 28% reduction in CO2 emissions
- 11% reduction in electricity consumption



### ZEROWATER

Lead service lines (LSLs) are a serious problem for cities across the world, with an estimated 15M-22M people affected by LSLs in the US alone. One of the most visible examples of this is the water crisis in Flint, MI. As the only available filter certified to remove lead, ZeroWater felt they had "a social obligation to provide the best option for the ongoing crisis happening in Flint."

That led ZeroWater to be the first water filter company on the ground in Flint, where they developed a partnership between the School District of Flint, the United Way and key retailers such as Walmart and Target to create the "Filters For Flint" donation-matching program.

This program provided over 100k filters to the people of Flint. Since the onset of the Flint water crisis, ZeroWater has gone on to expand the donation-matching program to help 5000 schools and municipalities around the USA.

ZeroWater is deeply proud of the work they have done to support the Flint community, while at the same time raising awareness of the tremendous dangers of lead exposure to children everywhere.



### QUENCH

Quench has adopted a top-to-bottom approach to conservation, from educational work to promote the use of bottle-free filtered water and reducing waste through paperless distribution to using sustainable and recycled products whenever possible. In fact, with their focus on bottle-free systems, Quench's solutions eliminate on average 1,440 single-serve bottles annually with each unit they install.

They also boosted conservation by reducing vehicle emissions with low-emission vehicles and route optimization measures.

With a drive to create products with industry-leading energy efficiency, as well as robust internal conservation processes, Quench is striving to live their sustainability goals.

## Water and Sanitation Corporation of Rwanda

Kigali, Rwanda's rapidly growing capital, has for years suffered water shortages due to lack of capacity at its main treatment plant. With many parts of the city receiving water only 1-2 days a week, this situation has become both an economic and public health crisis.

The challenge was that the Nyabarongo River, the city's only water source, had long been considered untreatable due to high levels of suspended solids as well as iron and manganese loads. So in 2014, the Water and Sanitation Corporation of Rwanda (WASAC) asked Culligan to design and construct a new plant to provide the people of Kigali with clean, consistently available water.

Our solution was to employ the Culligan Omni-Filtration System (OFSY), which is designed for removing sediments from surface waters, combined with an advanced electro-chlorination system for disinfection.

Following a successful pilot trial that provided more than 25,000 m<sup>3</sup>/day of water, we updated the plant to increase capacity, and built a second plant that more than doubled the daily output. We also built a pumping station and tank/pipeline that allows water to reach further using gravity, which saves both energy and money.

In total, the plants provide safe, clean drinking water to nearly 2 million people and are easily upgradeable to increase their output by 31%.



## Culligan CARES

Formed in 2005, Culligan CARES is the philanthropic arm of our company that is focused on helping individuals, families and communities who are in need of clean, safe water. The work is overseen by the Culligan CARES Committee, a group of dealers and corporate advisors that review requests and seek out new opportunities to provide help. 99% of funding for Culligan CARES initiatives is raised by our dealers

Part of this mission is carried out by partnering with NGOs to most effectively reach the communities where our help can have the greatest impact. These partnerships include groups such as Convoy of Hope, American Diabetes Association, Water Well Trust, and World Concern.

CARES focuses on three types of projects:

- Local Community: supporting local and charitable events
- Clean Water: providing clean, safe drinking water where clean water is a high priority
- Disaster Relief: providing bottled water to catastrophe victims and first responders

Since 2015, Culligan CARES has completed more than 25 projects globally, including in underdeveloped countries such as Uganda and Laos.





At Culligan, we believe that a better world begins with cleaner water, and we are proud to do our part to build greater health and better outcomes for all.