

Modern Slavery Statement 2022

This statement is made pursuant to section 54 of the Modern Slavery Act 2015. It sets out the steps taken by Villeroy & Boch Group during the financial year ending on 31 December 2022 to prevent modern slavery and human trafficking in its business and supply chains.

Our business and supply chains

Villeroy & Boch, headquartered in Mettlach (Germany), is a leading international ceramics manufacturer, whose products are sold in around 125 countries. As a full-range provider for the bathroom and for high-quality tableware and living accessories, our operating business is divided into the Bathroom & Wellness Division and the Dining & Lifestyle Division. Full company details can be found at www.villeroyboch-group.com.

The vast majority of our toilets, washbasins, kitchen sinks, plates and cups are manufactured at eight ceramic production sites. The most important raw materials used in ceramic production are kaolin, quartz, feldspar and clay.

We also possess product expertise for bathroom furniture, plastic-based wellness products such as bathtubs, and tap fittings and installations accessories using brass as the main material.

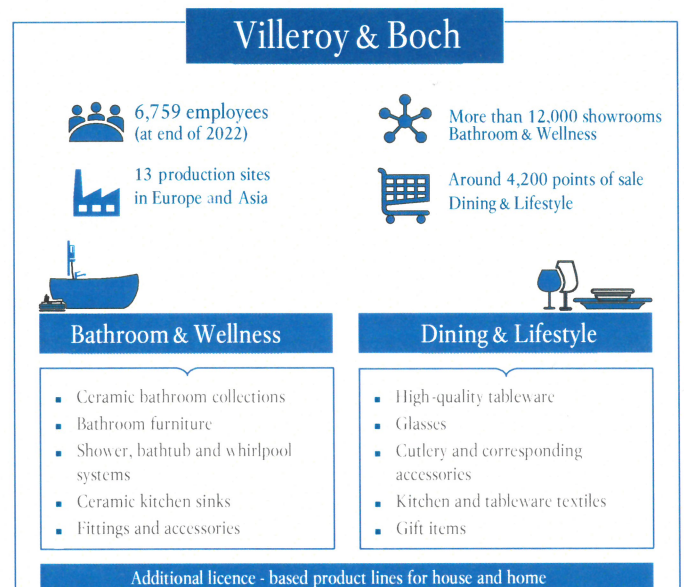
As a matter of principle, we prefer to source raw materials for in-house production from local suppliers. This typically means rapid availability and short transportation routes, which is also positive for the environment. In some cases, we are unable to use local suppliers due to limited resources, substantial quality fluctuations, uncompetitive prices, or the need for standardisation across our sites.

In addition to raw materials for in-house production, we purchase merchandise from suppliers. In the Dining & Lifestyle Division, this relates primarily to glasses and cutlery. In the Bathroom & Wellness Division, we purchase items such as toilet seats, shower toilets and outdoor whirlpools in order to round off our product range.

Policies and due diligence processes

The term modern slavery encompasses forced labour, servitude, slavery and human trafficking. We recognize that it is a global and growing issue, and that no sector or industry is exempt from the potential for modern slavery. Villeroy & Boch has a zero-tolerance approach to modern slavery of any kind. We recognize our responsibility to understand the risks of modern slavery in our business processes and supply chains and to manage those risks accordingly.

With the Villeroy & Boch Group's [Code of Conduct](#) we set standards with regard to responsible and ethical conduct with any part of our business and supply chains. The guiding theme of our Code of Conduct is business integrity, which includes our full commitment to upholding human rights as set out in the United Nations' Universal Declaration of Human Rights. As a further basic principle, we demand and provide fair working conditions, meaning that employment complies fully with all applicable laws and standards, and is based on a fair remuneration system. We do not tolerate the illegal employment of children or young people, and we reject forced labour.



We also expect our business partners to sign up to our Code of Conduct or demonstrate the application of their own at least equivalent Code of Conduct. In this context, we require both existing suppliers and new business partners in virtually all supplier industries to make a systematic commitment to compliance with our Code of Conduct – and to provide written confirmation. A procurement volume of more than € 10,000 is applied as the materiality threshold. As at 31 December 2022, these criteria were met by 2,821 suppliers accounting for a total procurement volume of € 598,9 million, which equates to 95 % of the Group's total procurement spending in the 2022 financial year. The target coverage ratio of procurement volume by Code of Conduct of more than 90 % was achieved again in 2022 at 93 %.

In the context of supply chain management, our first assessment is based on country risk using two external indices: the ITUC Global Rights Index is used to assess human rights and labour protection, while the Environmental Performance Index (EPI) from Yale University is used to assess environmental protection. Each index provides a score for the country of origin of the supplier.

In addition to the country-level assessment, a risk assessment is also carried out for the relevant industry. For this purpose, the sectors in which Villeroy & Boch classifies its suppliers according to its own system are assessed in the same way as the CSR¹ Risk Check Tool. This tool, which originates from the German Agency for Economic and Development's helpdesk², identifies risks within the sectors in the categories of human rights and ethics, occupational health and safety, fair business practices and the environment, and provides insights into potential risks. Prioritisation is used to classify suppliers into high, medium and low risk categories in order to systematically identify the highest risk suppliers and agree on the necessary preventive measures. The criteria used are the supplier's risk profile, ability to influence, severity and likelihood of non-compliance, and contribution to causation. The ability to influence is measured on the basis of procurement volume. Based on this prioritisation, we can indicate due diligence measures of varying intensity.

In the 2022 financial year, as in the previous year, there were no supply relationships of any kind with suppliers from blacklist nations. We consider signing the Code of Conduct to be sufficient to cover risk in connection with suppliers from low-risk countries (e.g. Germany). In selected cases, individual suppliers from high-risk countries are visited by our employees and assessed on the basis of a visit report containing questions on compliance with employment rights, human rights, health and safety and environmental protection, among other things. We also reserve the right to perform audits in suspicious cases.

Managing risks

Upholding social standards in the supply chain (social compliance) and the management of corresponding modern slavery risks are also covered generally by Villeroy & Boch's compliance management system that is integrated at all Group levels. Based on a risk-oriented approach, the scope and intensity of the compliance activities are determined by a Group-wide compliance risk analysis that we review regularly and modify as required. In the reporting year, we worked on our ongoing evolution and adaptation in line with changing processes and legal frameworks and process-oriented compliance. Furthermore, there was a focus on the ongoing digitalisation of the compliance regulations applicable to these processes and the associated security and control mechanisms, building on the foregoing transition from purely policy-based compliance to process-oriented compliance from 2017 to 2020.

Investigating breaches

Our whistleblower system allows employees, business partners, suppliers, customers and other third parties to report potential breaches confidentially and, if desired, anonymously (by e-mail to whistleblowing@villeroy-boch.com or by post to Villeroy & Boch AG, Compliance Department, Saaruferstr. 1-3, 66693 Mettlach, Germany). We have also established an external, impartial arbitrator as an independent confidant and mediator. Our compliance organisation investigates every report applying a standardised process set out in instructions. In our investigations and prosecutions, we are guided by the principle of legality

¹ Corporate Social Responsibility

² The *Agentur für Wirtschaft und Entwicklung (AWE)* is a project funded by the German Federal Ministry for Economic Cooperation and Development (BMZ).



Villeroy & Boch

1748

enshrined in law. Further, we established a local and independent whistleblowing system in Sweden as well as in Romania to fulfil local legal requirements.

This statement was approved by the Management Board of Villeroy & Boch AG.

Signed by
Dr Markus Warncke, Chief Financial Officer
Mettlach, June 2023