



2019
SUSTAINABILITY
REPORT



GWA
Group Limited




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GWA, a business with 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.



SECTION 1

INTRODUCTION FROM CHAIRMAN & MANAGING DIRECTOR

Sustainability is at the core of GWA's business. We have demonstrated over past decades that we are able to make life better and contribute 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.

Across GWA, our approach to sustainability is based around two central objectives:

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

Sustainability has been at the core of our business practices for many decades.

We recognise the implications and opportunities that sustainability creates across our businesses and we continue to manage our response accordingly.

That is why we incorporate sustainability thinking into our corporate governance, people development, strategic planning and 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 and communities, our environment, our employees and our shareholders.

GWA maintains a strong sustainability agenda, which we believe is reflected within this report.

As we continue to progress our sustainability agenda, we look forward to providing additional detail in subsequent sustainability reports.

We commend the report to you.



A handwritten signature in black ink, appearing to be 'D D McDonough'.

Darryl D McDonough
Chairman
9 September 2019



A handwritten signature in black ink, appearing to be 'T R Salt'.

Tim R Salt
Managing Director
9 September 2019



Sustainability
is at the core of
GWA's business.

SECTION 2

ABOUT THIS REPORT

This is GWA's first stand-alone Sustainability Report.

Data and commentary on issues relating to sustainability were previously included in the Group's Annual Reports and corporate website (www.gwagroup.com.au).

This report includes data for the period 1 July 2018 to 30 June 2019 unless otherwise stated.

NOTES:

- GWA acquired the NZ-based taps, showers and valves business, Methven Ltd on 10 April 2019. Given this business was acquired during the final quarter of FY19, data in this report does not include Methven.
- Water, Waste and Emissions data 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 have referenced the relevant core principles of the GRI reporting system as it relates to our sustainability practices and performance across our business.

Going forward GWA intends to continue to consult with key stakeholders to assist in identifying key opportunities for sustainable metrics and by referencing the Task Force on Climate-related Financial Disclosures (TCFD) and the United Nations Sustainable Development Goals which are referenced in this report.



SECTION 3 ABOUT GWA

GWA is a leading designer and supplier of products, services and technology focused on Bathrooms & Kitchens (B&K).

We own and distribute market-leading brands focused on sanitaryware, tapware, showers, basins, baths, kitchen sinks, laundry tubs, bathroom/kitchen accessories and valves.

GWA has significant scale across the segments of the B&K market in Australia and New Zealand with a presence in the UK and China.

We have earned an enviable reputation within the building sector for product quality and innovation, technical expertise and superior service.

We maintain cost efficient long term supply agreements with selected, exclusive manufacturing partners in Asia and Europe, and with 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



METHVEN

dorf

C L Δ R K

OUR BRANDS



CAROMA

Australia's Bathroom Brand

With 75 years of experience, Caroma believes that bathrooms have to be a balance of form, function and looks. Bathrooms are spaces where we put a personal touch on our homes. Caroma can enable you to enjoy your own bathroom experiences, from an energizing morning start to an indulgent relaxing moment of luxury. Designed for Australians of different tastes, needs and from all walks of life, Caroma's wide range of classic to artisanal styles, smart design and sustainable innovation, provides 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

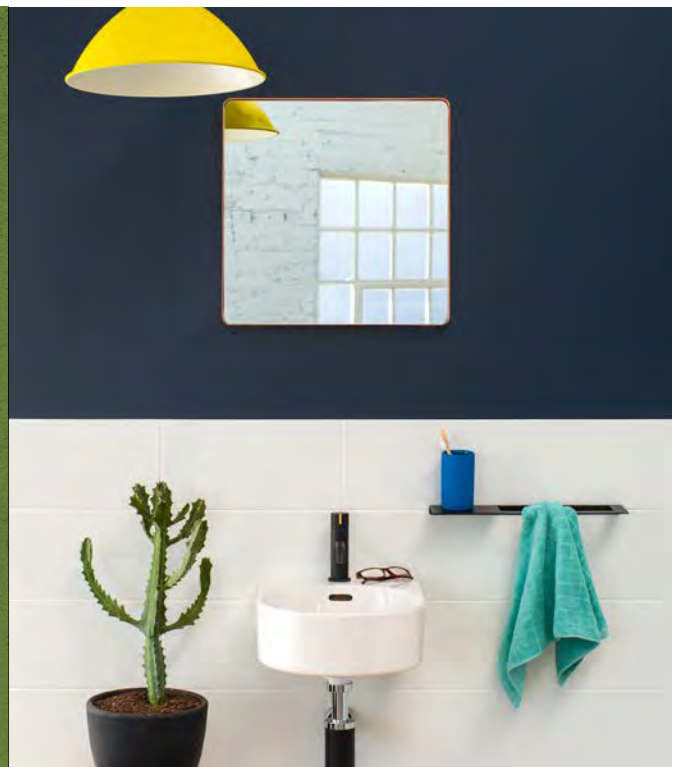
Never compromising on design and always focused on quality, for 70 years Melbourne-borne Dorf has pushed the boundaries of what's possible in tapware. Influenced by artisans across Australia - who in turn are inspired by the beauty, creativity and individualism of the world around them - Dorf delivers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



C L △ R K

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, offer 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 & 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 4

OUR COMMITMENT TO CONTINUED INNOVATION IN WATER SUSTAINABILITY

HOW WE ARE MAKING LIFE BETTER

GWA has an unrivalled pedigree and history in developing innovative solutions for water.

This is reflected in our continued pioneering approach in new product development and commercialisation in delivering water saving solutions for our customers and consumers. This continued focus and commitment has been recognised as recently as this year, with the awarding of the Good Design Awards 2019 Best Design Team honour.

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

OUR HISTORY OF DELIVERING INNOVATIVE SOLUTIONS

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.

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. The result is an immersive, full-body shower sensation that transforms a regular shower into an experience like no other.

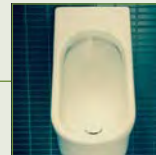
2005



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.

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.

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.

CASE STUDY CAROMA SMART COMMAND®

Caroma Smart Command® is an Eco System 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 invis 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.

An intelligent Eco Valve has been developed as part of the Caroma Smart Command® Eco System which is designed to remotely prevent, stop and isolate leaks that can waste water and separately cause damage to buildings.

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.

1 Norman Disney Young Sustainability Gap Analysis Feb 2019

According to a study by Norman Disney Young¹, installing the Caroma Smart Command® Eco System into a commercial building can 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% of its water consumption by using a Caroma Smart Command® Eco Valve to stop and prevent leaks;
- an average overall reduction of water use of more than 25% for a typical commercial building.

Caroma Smart Command® was awarded the highest award (Best in Class) in product design, hardware and building at the Good Design Awards in July 2019 while Caroma's design team was awarded the Design Team of the Year award.



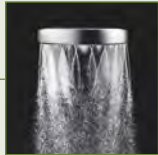
2009



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. Hidden nozzles generate individual jets of water that collide against precisely angled surfaces hidden within the contours of the unique halo-shaped showerhead. The result is a stunning fan of luxuriously dense droplets that delivers a highly efficient shower with 20% more spray force and twice the amount of water contact on skin than a conventional Methven shower.

2016



CAROMA CLEANFLUSH®

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

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 solution for commercial bathrooms.

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.

SECTION 5 ENVIRONMENT

5.1 CLIMATE RISKS AND OPPORTUNITIES

GWA acknowledges the need to actively protect the environment across our business.

We remain committed to reducing the impact from operations on the environment.

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/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.

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

GWA has referenced the UN 2030 Agenda for Sustainable Development and Sustainable Development Goals. While in a broad sense, each of the 17 goals are important to our business, GWA references 3 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.

BUILD RESILIENT INFRASTRUCTURE, PROMOTE SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION.

GWA is committed to designing and developing new products and systems in Australia for Australian/NZ consumers and performance that exceed stringent local standards and contribute to water efficiency in the built environment. In 2018, GWA opened its purpose-built Caroma Innovation and Distribution Centre at Prestons, NSW which includes a state of the art 2,000 square metre innovation centre to house GWA's research and development facilities. GWA employs 70 people at this facility, including product engineers, committed to designing, developing and commercialising water efficient products and systems.





In addition, GWA partners with scientific and educational facilities to develop solutions targeting specific areas and meeting community needs. In conjunction with the University of New South Wales, GWA has commenced a three-year study to develop systems to better address the needs of Australia's ageing population. As part of this program, a laboratory was established to test and monitor how consumers aged between 70-90 years move around their bathroom. The study has enabled GWA to develop products to meet the specific requirements and issues associated with the ageing population such as mobility and dementia.

MAKE CITIES INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE.

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

The launch of Caroma Smart Command® specifically targets water saving in commercial buildings. Caroma Smart Command® is an intelligent bathroom system which includes a set of Bluetooth-enabled, touchless bathroom products that integrate into commercial building management systems to enable the monitoring and management of water.

5.2 ENVIRONMENT

GWA maintains an active program to reduce our impact on the environment.

Across our business, we are 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 leader 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 6,083 kilolitres of potable water during the year ended 30 June 2019. During the year, GWA continued to implement water saving measures across our operations to reduce usage.

- Caroma'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 Centre has been awarded a 5 Star Green Star - Design & As Built v1.1 Certified Rating, which represents Australian Excellence in sustainable design and construction.
- Caroma's Alexandria flagship store has water storage tanks incorporated into the showroom which are filled from rainwater then used to run the functioning product displays.
- Caroma's Norwood flagship store uses recycled water for the functioning toilet displays.

WASTE

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

GWA's controlled facilities produced approximately 818 tonnes of solid waste (comprising general waste, cardboard, low-density polyethylene and wood) for the year ended 30 June 2019. Approximately 716 tonnes went to landfill and approximately 102 tonnes were diverted from landfill and recycled.

GWA is 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 also committed to reducing the impacts of packaging within our supply chain.

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 and this is managed by our national waste provider.

Caroma is monitoring obsolete stock disposals and where possible, donating to charity or recycling the product to minimise the volume which is sent to landfill.

GWA has commenced 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 SKUs which has resulted in a footprint reduction and over 40 square meters saving of polyfoam.

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 our corporate website.

For the period ended 30 June 2019, total carbon emissions from GWA's controlled facilities were approximately 1,451 tonnes of carbon dioxide equivalent (CO₂e), representing a 75 per cent reduction on the prior year.

The substantial reduction in carbon emissions for FY19 was primarily due to the divestment of the Door & Access Systems' business on 3 July 2018. The ongoing implementation of energy efficiency measures at GWA's controlled facilities also contributed to reductions in carbon emissions during FY19.

To further reduce our energy and greenhouse gas footprint, GWA is actively identifying energy efficiency and greenhouse gas abatement opportunities throughout our business operations.

Solar Panels Generation – Prestons, NSW

The 250kW solar panel system which is installed at the Caroma Innovation and Distribution Centre at Prestons, NSW has saved 293 tonnes of CO₂e since the installation in July 2018. Other initiatives include LED lighting in the warehouse and motion sensor lighting in offices.



SECTION 6

ETHICAL SOURCING

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

Our 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 to the United Nations Ethical Trading Initiatives (ETI) & International Labour Organisation Conventions (ILO).

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. Indeed we have worked with one of 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 HR 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 & 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 work that is mentally, physically or morally harmful to children.
- Suppliers will not allow work that can negatively affect their mental, physical, or social development and interferes with their schooling.
- Suppliers will not allow work that can deprive them of the opportunity to attend school.
- Suppliers will not allow work that can oblige them to leave school prematurely.
- Suppliers will not allow work that requires them to attempt to combine school attendance with excessively long and heavy work.

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 7 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 with national and local environmental laws and regulations.
- The facility disposes of its waste in accordance with 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.

For the year ended 30 June 2019, GWA conducted audits on 19 manufacturing supply partners. No material breaches were found as a result of these visits.

MODERN SLAVERY ACT

As GWA's business expands and governments and regulators introduce and update laws and regulations, we face new reporting requirements. The Australian Modern Slavery Act was legislated in late 2018.

GWA is currently establishing further data capture processes to report under these frameworks as required in future years.



SECTION 7 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.

Our objective is to conduct our business with the highest standards of personal and corporate integrity consistent with our cultural pillars.

GWA has developed a comprehensive Code of Conduct which guides the behaviour of our people and demonstrates the commitment of the Group to ethical practices. The Group has also established Cultural Pillars which outline the company values and how this is 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 these cultural pillars.

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.

OUR CULTURAL PILLARS



7.1 WORKPLACE HEALTH & SAFETY

GWA continues to ensure that it provides a safe workplace for our employees, contractors, visitors and customers, while driving a positive safety culture and actively reducing and mitigating risk.

With "we care for each other" as a cultural pillar, GWA's objective remains to ensure everyone is safe... every day.

The GWA management structure for Workplace Health and Safety (WHS) is centrally led by a National WHS Manager. The National WHS Manager 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 continue to sponsor key risk areas aligned with our business risk profile. These include Chain of Responsibility, Health and Wellbeing, Environment and Waste.

GREAT PEOPLE. GREAT BRANDS. MAKING LIFE BETTER.



Substantial progress was made in FY19 to improve the Group's safety culture with a number of safety initiatives implemented, and with ownership and accountability for safety existing at all levels in the business. These safety initiatives include:

- All sites underwent external auditing for WHS compliance, and the Group achieved accreditation to the Australian Standard for safety management AS4801 Occupational Health and Safety Management Systems. In addition, an external legal review of the audit outcomes confirmed that GWA is meeting its requirements to ensure the health and safety of its workers under WHS legislation. GWA plans to transition from AS4801 to ISO45001 Occupational Health and Safety over the next two years;
- Safety Homecoming training is into its second year and was rolled out to all employees across the Group. 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 whilst engaging and addressing at-risk behaviour;
- GWA implemented a wellness program called Ritualize and this was 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;
- The Move 4 Life manual handling program was further embedded into the business. Training was rolled out to QLD, WA and NZ by qualified in-house staff. To accompany this initiative, and similar to the Safety Interactions Program initiative introduced in FY17, GWA practises Move Interactions to encourage frequent physical movement behaviour. Daily routines known as the '60 Second Investment' have been entrenched at all warehouse sites to prevent workplace injuries.

A strategic safety plan has been implemented for FY20 which will continue to improve safety at all locations and change behaviour and culture to drive towards zero harm and to improve employee health and wellbeing. Longer-term safety plans are also in place to deliver an improvement in safety culture and behaviour.

Examples of the safety initiatives planned for FY20 include:

- Mental health ambassadors will be identified and trained in mental health first aid to ensure the wellbeing of staff;
- The third Safety Homecoming training is planned for FY20;
- Safety training programs will be reviewed and updated to ensure all training is relevant and being undertaken by the right people at the right time;
- Onboard monitoring devices have been introduced to all company owned cars to assist with changing driver behaviour;
- Driver safety awareness training will be rolled out to further embed a safe driving culture.

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 the number of Safety Interactions conducted, 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

Metric	Result in FY19
Safety Interactions Conducted	100%
Recorded Safety Events	187
Hazards Closed on Time	85%
Actions Closed on time	85%
Site Inspection Completion	100%

LAG Indicators

Metric	Result in FY19
LTI FYTD	2.0
LTIFR Rolling	3.1
MTI FYTD	2.0
MTIFR Rolling	3.1
TI FYTD	4.0
TIFR Rolling	6.2

CASE STUDY

365 DAYS LTI FREE AT CAROMA INNOVATION & DISTRIBUTION CENTRE

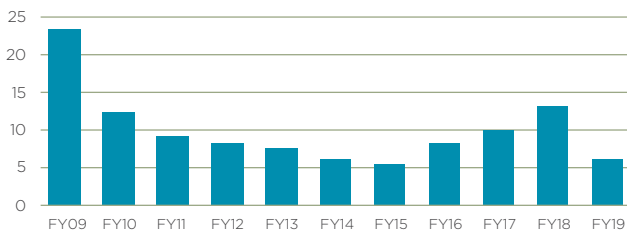
In June 2019, the Caroma Innovation and Distribution Centre at Prestons, NSW reached a significant milestone – Lost Time Injury (LTI) free for 365 consecutive days. This is a significant achievement, particularly in the context of the transformation at the site during the year which included over 10,000 pallet movements across two facilities.

The performance reflects the complete revamp of safety Standard Operating Procedures with all staff trained and increased consultation with Health & Safety Representatives and Safety Committee members. It also includes a more structured approach to hazard/safety inspections, contractor management and traffic management plans.





GWA Total Injury Frequency Rate (TIFR)



7.2 DIVERSITY

GWA is committed to harnessing the potential of the Company by creating and supporting an environment where all ideas are heard, inspiring our people to be creative in exploring ways to generate value and growth in an inclusive and diverse culture.

We remain committed to promoting diversity and inclusion through the implementation of policies and initiatives to achieve a diverse workforce. We believe that significant benefits arise from increasing the pool of diverse talent across GWA.

In 2012, the Board established a number of measurable objectives to promote and encourage increased diversity and in particular, to improve the representation of females 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.

The objectives and supporting actions are:

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.'

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

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

SUCCESSION PLANNING AND HIGH POTENTIAL EMPLOYEE DEVELOPMENT

- Ensure 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 aim of our recruitment and development strategy is to attract, develop and retain a diverse pool of talent to deliver our growth strategy.

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

The Group has regular talent reviews with a view to strengthen our succession plans. As outlined in the Group's 2019 Workplace Gender Equality Report, the overall workforce consists of 39% female which is an increase of two percentage points from 2018 (2018: 37%). In addition, female representation across all levels of management has increased compared to the prior year and 65% of all promotions were women.

During FY19, the gender diversity of the Board increased through the appointment of Alison Barras as a non-executive director effective 24 May 2019. This brings the total number of female directors to two (with Jane McKellar appointed during FY17), and female representation now comprises 25% of the Group's directors.

The following table is a summary of the Group's workplace profile at 31 March 2019:

Title	% Female	% Male
Board*	14%	86%
Key Management Personnel	29%	71%
Other executives/General Managers	0%	100%
Senior Managers	43%	57%
Other Managers	34%	66%
Total - Management	35%	65%
Total - Non-Management	41%	59%
Overall Totals	39%	61%

* A Barrass was appointed a non-executive director effective 24 May 2019. This is not reflected in the Group's workplace profile at 31 March 2019.

In May 2019, the Group lodged its 2019 Workplace Gender Equality Report with the Workplace Gender Equality Agency in accordance with the *Workplace Gender Equality Act 2012*. 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 under Gender Equality Reporting. The Group received notification during June 2019 that it is compliant with the *Workplace Gender Equality Act 2012*.

While gender diversity is a priority, it is also important to promote a workplace employee profile that delivers competitive advantage through diversity of thought, experience and perspective.

Currently 48 per cent of the Group's workforce is over the age of 45 and the average new hire age is 39. To continue to be a relevant, adaptive and innovative organisation, a balance of multi-generational employees is integral to ensuring the Group remains future focused. There will be an increased focus on building a pipeline of younger talent through increased graduate or early career hires.

GWA continues to support a progressive approach to embedding diversity in the organisation, and our Diversity and Inclusion Policy is available on the Group's website.

7.3 INVESTING IN OUR PEOPLE

GWA is committed to investing in its people and developing leadership skills to create the leaders for the future.

GWA maintains 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 operates development programs at two levels:

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



Group wide leadership programs include:

- Good to Great Journey conference for 250 staff to launch our strategy and culture change program;
- Great Beginnings – an onboarding and induction blended learning program including information on the business strategy, customers, innovation, sales and marketing and team building activities;
- H2O – short, online courses to assist employees with skills on How 2 Operate (excel, salesforce, Microsoft teams);
- Good 2 Know – Lunch and learn sessions on a variety of topics such as cyber security, career development, IT skills, finance;
- Great Conversations – 1 to 2 hour sessions with internal and external thought leaders, also targeting female talent; and
- iLead – management training programs with training for 4 levels of leadership (Self, Others, Department, ELT).

Business-specific training programs include:

- Supply Chain – Warehouse management system training; and
- Sales and Customer Service – Caroma Smart Command®, Sanitaryware product knowledge training.

7.4 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.

To reinforce this culture, non-EBA employees were invited to participate in the incentive plan in FY19 to align performance with business results and the achievement of personal Key Performance Indicators. Cultural Pillars are also part of individuals' KPIs and will impact remuneration outcomes.

During the reporting period GWA partnered with Aon to survey employees to measure employee engagement. The survey participation rate was 85%.

Consistent with our cultural pillar that “We all Lead”, each employee who completed the survey received their own, individual engagement report which showed their personal engagement score and actions to improve their own engagement.

SECTION 8 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.

We continue 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 supports the following organisations:



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 more fully participate in their education 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.

GWA supports 57 primary student scholarships, split across schools in drought-affected communities across Australia, and three tertiary students studying environmental studies.

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.



By sponsoring Sustainable Coastlines, GWA is helping remove 30,000 litres of rubbish annually from New Zealand beaches and waterways. Plans are underway for staff clean up days at local beaches, and a customer event at Sustainable Coastlines Flagship Education Centre – a living building based on sustainable practices – built using 80% salvaged materials.

GIVIT

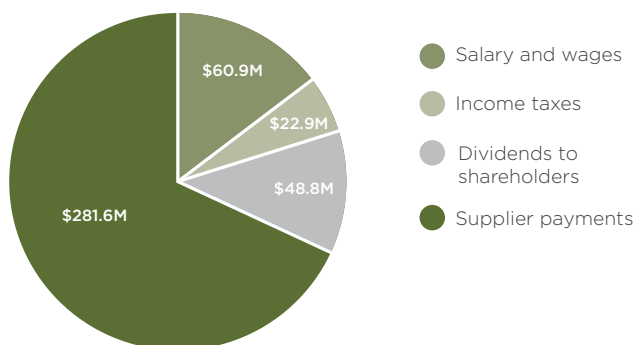
GIVIT Listed Ltd is a national not-for-profit organisation supporting all agencies, services and charities in Australia who work directly with impoverished, marginalised and vulnerable people.

GWA worked with GIVIT to donate products to residents of the Townsville community affected by the severe floods in 2019.

GWA IN THE COMMUNITY

In FY19, approximately \$60.9 million was spent on salary/wages and benefits to our employees; \$22.9 million was remitted in income taxes; \$48.8 million was returned to GWA shareholders in the form of dividends; and \$281.6 million was paid to suppliers.

GWA in the community



TAX TRANSPARENCY

GWA has a strong commitment to financial and regulatory compliance and transparency. GWA follows the recommendations outlined in the Board of Tax's Tax Transparency Code. We support the adoption of this voluntary code and believe it provides stakeholders with a comprehensive understanding of GWA's tax activities.

GWA's tax transparency reports are available on our corporate website.

For FY18, over 95% of GWA's corporate income tax is paid in Australia consistent with more than 95% 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 2018 in Australia.

	30 June 2018 \$'000	30 June 2017 \$'000
Corporate income tax	21,895	21,252
Net GST	32,271	32,238
Payroll taxes (including FBT)	4,725	5,221
Employee pay as you go ('PAYG') ¹	19,970	19,815
Total	78,861	78,526

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



SECTION 9

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. Whilst 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 our corporate website.

Risk Materiality Table

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.	<p>GWA monitors building activity carefully and this is factored into the company's monthly reporting, forecasting and annual budget and planning processes.</p> <p>Approximately 55 per cent of GWA's revenue is generated from the Renovation and Replacements segment in Australia which is the largest and most stable segment of the overall market.</p> <p>GWA's forward order book for commercial projects remains solid with several major projects secured.</p>
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.	<p>GWA monitors foreign exchange rates closely and adopts appropriate mitigation strategies. Approximately 77 per cent of US dollar exposure is hedged at US\$72 cents for FY20.</p> <p>GWA's contracts with major customers include provisions for pricing changes based on significant movements in the Australian dollar.</p>
Unforeseen disruptions impacting product supply from offshore suppliers leading to reputational damage, lower sales and loss of market share.	<p>GWA has exclusive long term supply partnerships with experienced suppliers.</p> <p>GWA's supply chain processes include dual-sourcing strategies to mitigate the risk of supplier disruption.</p> <p>GWA has its own employees located in Asia working directly with its supply partners.</p>
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.	<p>GWA has established a formal IT security risk and governance framework to address any current gaps and establish sustainable risk management models and practices across the business.</p>
Workplace Health and Safety risks could potentially result in physical injury to employees, contractors or others, or damage to the Company's reputation.	<p>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.</p>



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