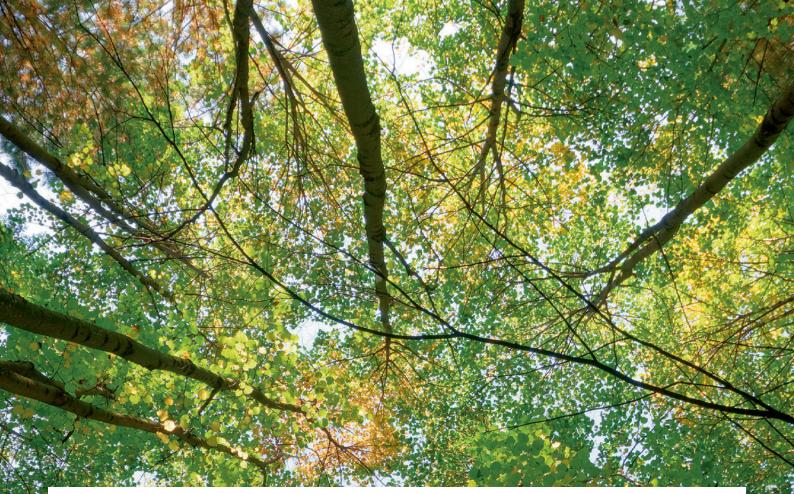
How Sustainability is Changing Cabinetry Hardware Fittings and Manufacturing

Hettich in Focus





INTRODUCTION

Demand for products with a better environmental life cycle assessment has been growing for years across all building and design sectors. As the effects of climate change become more apparent, customers are holding companies accountable for their sustainability efforts, forcing manufacturers to look closely at how each aspect of their operations impacts people, the environment and the wider global community.

A study by PricewaterhouseCoopers delved into how sustainability is influencing consumer behaviours.¹ Among the most notable findings is that consumers had a desire to lead a more sustainable life, and this was reflected in their purchasing decisions. Of respondents, 47% preferred products with traceable production and transparent origin, and 48% preferred to purchase from businesses with strong company values and commitment to doing the right thing.²

Sustainability is undoubtedly changing the way we look at products and how we design our spaces. Not only is this better for consumers but it is also better for the future of the planet. This makes "green" products, particularly in the cabinetry fittings and hardware space, attractive not just from an ideological perspective but also a commercial one.

Below, we look at how demands for sustainability are changing the industry, with a focus on leading cabinetry hardware fittings manufacturer Hettich, who operate across a broad range of residential and commercial sectors.

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LONG-TERM SUSTAINABILITY DEMANDS SHORT-TERM GOALS

Recent studies, like the Global Warming of 1.5°C study by the United Nations' Intergovernmental Panel on Climate Change, paint a grim picture of the future, one in which there will be more droughts and floods, more disease-spreading, crop failures, and a loss of biodiversity.³ Global warming as a result of human activity is projected to have increased by 1.0°C above pre-industrial levels, with a likely range of 0.8°C to 1.2°C.⁴ If global temperature continues to rise at the current rate, it is projected to hit 1.5°C between 2030 and 2052.⁵

Against this backdrop, the United Nation's Sustainable Development Goals (SDGs) provide a useful framework for achieving a better and more sustainable future for all. Sustainable development is an umbrella term. for programmes, initiatives, and financial commitments that deliver advantages now without compromising the environment, society, or individual health in the long run. The SDGs reflect the need to balance social, economic and environmental sustainability. Informed by these principles, businesses need a practical sustainability strategy that is easy to understand and implement and that is pertinent to their operations and setting. For cabinetry hardware fittings, a variety of factors come into play.

- Energy consumption the amount of energy used to manufacture products;
- Waste management how the waste is disposed, re-used, or recycled;
- Operational safety ensuring the safety of production processes;
- Worker rights ensuring workers' rights are protected and their safety is not at risk;
- Environmental friendliness ensuring that the product is not environmentally harmful and reducing the dependency on finite natural resources; and
- Social responsibility proactively managing and identifying business impacts on employees, workers in the value chain, customers, and local communities.

TRANSLATING SUSTAINABILITY GOALS INTO STRATEGIES AND ACTIONS

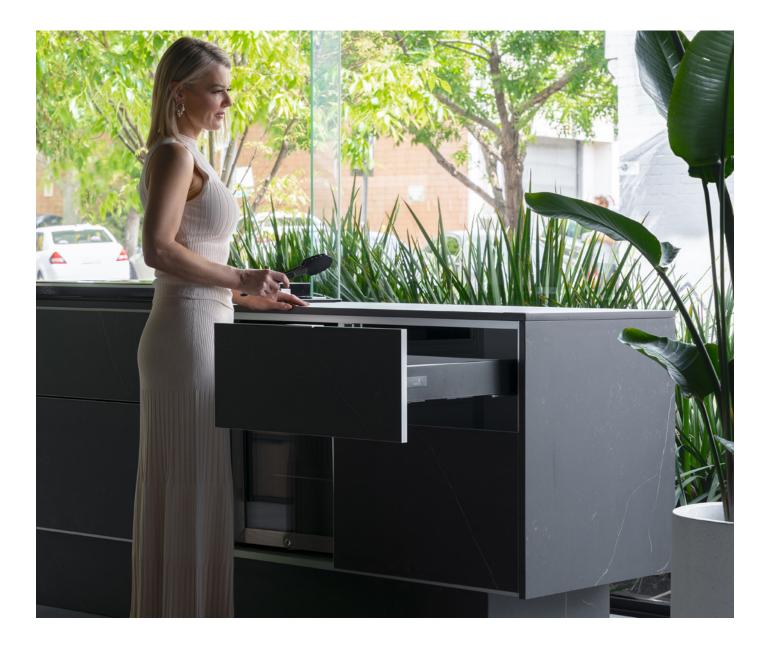
The Hettich example

Hettich was founded in 1888 and is today one of the world's largest and most successful manufacturers of cabinetry hardware fittings. Over 7,400 members of staff in almost 80 countries work together towards one objective: developing intelligent technology for furniture.

The Hettich range enhances commercial and residential spaces through a comprehensive portfolio of hardware solutions including drawer systems with soft close options, hinges with integrated dampening, sliding and folding doors, pull out pantries, corner units and recycling waste disposal systems. These features are enhanced by European designed LED lighting, stylish and contemporary handles as well as an extensive range of fittings and accessories. Hettich provides a good example of translating sustainability goals into an actionable, long-term plan. The company organises its sustainability strategy across three key areas – ecology, social and civic responsibility.

- Ecology the efficient use of energy and resources in production and infrastructure.
- Social responsibility diversity and equal opportunities, personal responsibility, health and occupational safety.
- Responsibility to society multifaceted commitment for a better coexistence.

It can be challenging to implement the necessary changes to match business practices with long-term environmental objectives, especially for major organisations in established sectors. Below we look at how Hettich is putting its sustainability strategy into action.





Ecology: Impact of Hettich's production and logistics operations

Hettich has set a goal for its sites to become Climate Neutral by 2030 and promotes a culture of sustainability. By implementing transparent tracking of CO2 emissions for each of its sites in 2020, the company is well placed to understand and raise awareness about its own impact on the environment, and take the most effective measures to optimise its operations.

Hettich has a history of promoting sustainability in its construction and manufacturing facilities. In 2008, Hettich built the "Hettich Forum" exhibition and administration building at its Kirchlengern headquarters. The building, which opened in 2009, was designed with a zero energy balance, meaning the total amount of energy used by the building on an annual basis is equal to the amount of renewable energy created on the site. The building also received the European Community "Green Building Award".

In 2011, the Hettich production facility at its Kirchlengern/ Bünde site was constructed primarily using engineered wood, permanently capturing 1,630 tonnes of CO2. The building was awarded the North Rhine Westphalia Timber Building Award in 2014 for its energy efficiency and very low primary energy requirement, which was 72% lower than what the German Energy Saving Regulation (EnEV) required at the time.

The construction of Hall B7 in Kirchlengern occurred in 2017/2018. The building is highly thermally insulated and made of wood, which is the only building material with a positive primary energy balance. More than 60% of the energy for heating and hot water is provided by waste heat from production and the roof is fully covered with a photovoltaic system with an output of 285 kWp, which provides approximately 25% of the building's total energy requirements. The building's sustainable properties led to

it being the recipient of the "Industrial Building Prize for Sustainable Building" in 2018.

Notably, Hettich's Kirchlengern/Bünde and Frankenberg operating bases are EMAS validated. The Hettich Group has been taking part in the European Union's Eco Management and Audit Scheme (EMAS) since 1997. The stringent EMAS criteria provide effective instruments that systematically take into account and measurably improve direct environmental aspects, such as energy and resource efficiency and hazard management, but also indirect environmental aspects, such as legal compliance.

Hettich's commitment to sustainability is not just a slogan, but a core value that is reflected in their operations around the world. One example of this is their headquarters and warehouse in Kemps Creek, New South Wales, where the company has taken significant measures to reduce their environmental impact.

Their Country Distribution Centre on-grade loading/ unloading docks, for instance, reduce energy usage and increase efficiency in their logistics processes. They have installed LED lighting and skylights, which significantly reduce electricity consumption and help to create a more pleasant work environment. In addition, solar panels and rainwater harvesting tanks allow the facility to generate its own renewable energy and collect rainwater. They have also installed sprinkler systems to reduce water usage and help to prevent fires. Finally, Hettich have electric car charging stations to encourage the use of sustainable transportation options among their employees and customers.

All of these measures show Hettich's dedication to reducing their environmental impact and promoting sustainability throughout their operations.

Social responsibility: At an employee and workplace level

Hettich adheres to the principles of the UN Global Compact and are committed to the core labour standards of the International Labour Organisation. The company's Code of Conduct acts as a binding guideline for legally compliant and responsible action within the organisation. In 2019, the Code of Conduct was revised in recognition of the business' growing international activities. It explicitly describes the protection of human rights and rejects any form of forced, compulsory or child labour, exploitation or discrimination. Hettich does not do business with partners who do not observe these principles.

One of the main focuses of Hettich's sustainability management is on worker health and safety. The concept

of sustainability acknowledges the interconnectedness of economic, social, and environmental responsibility. You cannot have a sustainable company without an engaged, innovative workforce, and their health and safety is material to the success of the business.

To address the issue of safety, Hettich developed the "Safety Excellence" method, which supplements the classic elements of occupational safety with the building blocks of behaviour-based occupational safety. The result of this new approach is clear; measured against the industrial sector average, Hettich's production companies have below-average accident rates, which continues to improve over time.

Products: Providing the solutions of tomorrow today

Long product life from high quality is a known sustainability factor. Certified to ISO 9001, Hettich's quality management system ensures continuous quality monitoring and optimisation. In addition to this, the company has implemented its own internal dynamic set of rules for over 15 years. It is on this basis that the manufacturer voluntarily identifies, evaluates and regulates questionable or environmentally-harmful product constituents even more stringently than required in law, such as the European REACH Chemicals Regulation or the European Union's RoHS Directive on the Restriction of Hazardous Substances in Electrical and Electronic Equipment.

Work is also being done on continually improving the recyclability of Hettich products. Packaging engineers develop customised packaging for all areas of industry and limit the packaging effort according to the criteria "avoid, reduce, REuse, recycle". This approach focuses on using recyclable materials for packaging, avoidance of composite packaging materials, reduced use of packaging, testing use of plastics with high recyclate content and trays made from regranulate as well as using reusable packaging (pallets, wire mesh boxes and trays).

Hettich has substantial plans for the future to improve the recyclability of their products or finding alternative, sustainable materials in cooperation with their suppliers. The company has already embarked on a journey towards 'green steel', which refers to CO_2 -reduced steel that generates over 70 % fewer CO_2 emissions across its entire production process. In 2021, Hettich successfully ran a pilot project producing cold-rolled coils with a reduced carbon footprint for components in its Sensys range of concealed hinges.





Responsibility to society: How sustainability relates to the broader community

Social responsibility represents practices that benefit the company's employees, consumers, and the wider community. An example of this is Hettich's ongoing support of the "Studienfonds OWL", a cooperation project of the universities of North Rhine-Westphalia in East Westphalia-Lippe. The aim of the foundation is to support students in East Westphalia-Lippe and establish a network between sponsors and recipients to strengthen the university and the local community in the long term. In the 2018/2019 funding year, Hettich again supported

The Future

Hettich has already accomplished a lot in terms of sustainability, but they have committed to doing even more. Their key targets include avoiding CO₂ emissions, continuously reducing remaining emissions, conserving resources, improving energy efficiency, optimising the recyclability of their products, and promoting biodiversity at their operating bases. This involves a range of activities, from reducing emissions across the supply chain to generating and purchasing electricity from renewable sources.

a scholarship holder with a one-year scholarship in recognition of social commitment and outstanding achievements.

In addition, Hettich supports a wide variety of charitable projects and volunteer work. This includes, for example, the "Hettich Experience" co-operation programme with universities in East Westphalia and various charity programmes contributing to the development of rural areas in China.

The company also offers climate change awareness workshops, incentives for using climate-friendly transportation, and works with suppliers to find alternative sustainable materials or improve the recyclability of Hettich products. By taking these steps, Hettich is working towards a more sustainable future and doing their part to help protect the planet for generations to come.

ABOUT HETTICH

The Hettich brand is synonymous with quality, innovation, reliability and customer focus the world over. Hettich's motto, "Act today, think of tomorrow", reflects the company's commitment to addressing environmental concerns on a daily basis at an individual employee level while delivering functional, high-quality solutions to customers.

Hettich's hardware solutions excite people across the globe. With 38 subsidiaries and production sites in America, Europe and Asia, over 7,400 members of staff take up the challenge of developing intelligent technology for furniture everyday. A family-owned business, Hettich is at home in Kirchlengern, Germany.

"You cannot have a sustainable company without an engaged, innovative workforce, and their health and safety is material to the success of the business."

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All information provided correct as of March 2023

