

A man in a white shirt and dark trousers is kneeling on a blue bath mat, spraying a young child in a bathtub with a handheld showerhead. The child is sitting in the tub, which is filled with water and bubbles, and is looking up with a joyful expression. The bathroom has white tiled walls and a window with three panes. A small red dinosaur figurine is perched on the edge of the window. A shower curtain with a blue and white pattern is visible on the right. A built-in shelf on the left holds various items like a red cup and some fruit.

# MASCO

2015  
Corporate  
Sustainability  
Report





FEATURED PRODUCTS

On the cover: DELTA® In2ition® Two-in-One Shower

This page: DELTA® Tesla® Single Handle Faucet

# 2015 MASCO SUSTAINABILITY REPORT

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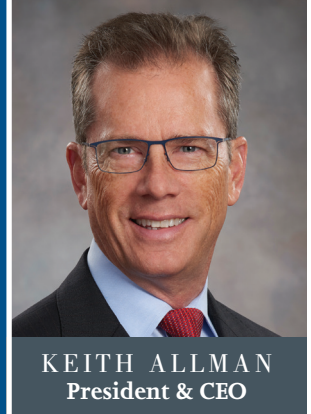


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FEATURED PRODUCT  
BEHR MARQUEE® Interior Color Collection

# EXECUTIVE MESSAGE



KEITH ALLMAN  
President & CEO

## TO OUR STAKEHOLDERS

I am proud to introduce Masco Corporation's 2015 Corporate Sustainability Report. 2015 was a transformative year for Masco, during which we achieved a number of milestones and reviewed our sustainability vision for the benefit of our Company, our shareholders and our larger stakeholder community.

We started by refreshing how we govern sustainability, namely by establishing a Sustainability Steering Committee (SSC) and formalizing its charter. Our SSC is sponsored by our Vice President of Human Resources, who is responsible for ensuring that our sustainability strategy remains about people first, and our Corporate Health, Safety and Environment Manager, who brings specialized knowledge to the role. The SSC is comprised of key members and advisors from a cross-section of our Company, including our finance, global supply chain, legal and communications departments, and our portfolio of companies such as Masco Cabinetry, Delta Faucet Company, Behr Process Corporation and Milgard Windows & Doors.

With this diversified team leading the SSC, we have set the priorities, goals and actions necessary to align our sustainability program with our business strategy. We have renewed our high-level vision with the key program elements—governance, people, process, tools and reporting—that underpin our center-led approach and our Masco Operating System.

At Masco, we recognize the importance of our actions both now and in the future, and we also recognize that doing good and doing well are not mutually exclusive. We believe that successfully balancing the management of people, profit and planet enables us to drive innovation, bolster our brands, secure profitability and position us for growth. For example:

- While returning our cabinet business to profitability, Moores Furniture Group procured approximately 98 percent of its wood from sustainable sources.
- While achieving record annual sales and profits, Delta Faucet Company and Hansgrohe each continued to draw 100 percent of its water for manufacturing operations from areas not designated by the World Resources Institute as highly or very highly stressed for water.



- While continuing to lead the market in innovation and design, Delta Faucet Company received the esteemed 2015 WaterSense® Sustained Excellence Award from the U.S. Environmental Protection Agency in recognition of its exemplary efforts to support water efficiency.
- While our Decorative Architectural Products segment was increasing sales, Behr Process Corporation derived approximately 75 percent of its revenue from sustainable products and donated tens of thousands of dollars along with over 1,000 volunteer hours to charitable organizations.

Being responsible and stewarding the environment are integral parts of our day-to-day operations and our corporate strategy.

On behalf of our 25,000+ employees worldwide, many of whom work diligently and daily to broaden, deepen and integrate sustainability, thank you. The support of our customers, suppliers, shareholders and other stakeholders inspires us to keep striving to remain a leader, doing our part to sustain our shared future.

A handwritten signature in black ink, appearing to read 'Keith Allman', with a stylized, flowing script.

Keith Allman  
President and Chief Executive Officer

# CORPORATE



## ETHICS AND INTEGRITY

Maintaining the highest standard of ethics in the conduct of our business is our corporate policy and has always been an integral part of Masco Corporation's culture. Our reputation for ethical business practices is one of our most valued assets.

### WE HAVE A CODE OF BUSINESS ETHICS (THE "CODE OF ETHICS"):

Masco's Legal and Ethical Compliance Program consists of a number of elements designed to help our employees, officers and directors understand, implement and consistently reinforce our commitment to ethical business practices. Our program includes the Masco Code of Business Ethics (the "Code of Ethics"), the Masco Ethics Hotline, and ethics training. The Code of Ethics requires that all Masco employees, officers and directors respect and comply with the laws, rules and regulations of all jurisdictions that are applicable to a Masco company and our corporate policies. We have policies that address anti-bribery/anti-corruption, antitrust, conflicts of interest, environmental, health and safety, financial reporting, "insider trading," data privacy and other areas of concern. We communicate our program through multiple channels, and our Code of Ethics, policies and training materials are translated into foreign languages. Our employees are encouraged to report violations of the law or our policies using an anonymous hotline. We will not retaliate against reports made in good faith. Our Code of Ethics is available on our website at [www.masco.com/about/corporate-governance/](http://www.masco.com/about/corporate-governance/).



## GOVERNANCE

### STRUCTURE

The standing committees of our Board are the Audit Committee, the Organization and Compensation Committee and the Corporate Governance and Nominating Committee, and each of which functions pursuant to a written charter adopted by the Board. The membership of these three committees qualifies under the independence and experience requirements applicable to the Company, including requirements of the New York Stock Exchange. Subject to any changes that our Board may make from time to time:

- Our Audit Committee assists our Board in the oversight of the integrity of our financial statements, the effectiveness of our internal controls over financial reporting, the independence and performance of our independent auditors, the performance of our internal audit function, and our compliance with legal and regulatory requirements, including our employees' compliance with our Code of Ethics.

- Our Organization and Compensation Committee determines executive compensation, evaluates the performance of our senior executives, determines and evaluates variable compensation plans, and reviews our management succession plan, including periodically reviewing our CEO's evaluation and recommendation of potential successors.
- Our Corporate Governance and Nominating Committee advises our Board on the governance structure and conduct of our Board and has responsibility for developing and recommending to our Board appropriate corporate governance guidelines and policies. In addition, this Committee identifies and recommends qualified individuals for nomination and re-nomination to our Board and recommends directors for appointment and re-appointment to Board committees.

For additional details regarding Masco's governance structure, go to [www.masco.com/about/corporate-governance/](http://www.masco.com/about/corporate-governance/).

## PRECAUTIONARY PRINCIPLE

Masco has a formal and ongoing Enterprise Risk Management (ERM) process to anticipate and manage corporate risk and, where possible, to convert potential risks into business opportunities. This is supported by risk mitigation activities with ownership and action plans, allowing us to better manage potential risks. The Audit Committee is responsible for reviewing policies related to risk, but it is the responsibility of the Chief Executive Officer and senior management to determine the appropriate level of risk.

## ENDORSEMENTS

Masco participates in and, in some cases, has assisted in the development of several major external charters and initiatives, including:

- WaterSense®, ENERGY STAR®, and other voluntary EPA initiatives
- ISO 14001
- OHSAS 18001
- Carbon Disclosure Project
- Global Reporting Initiative
- Sustainability Accounting Standards Board
- United Nations Sustainable Development Goals
- Standards for sustainable forestry practices, such as the Forest Stewardship Council and Sustainable Forestry Initiative



## PROFILE

### ORGANIZATION

Headquartered in Taylor, Michigan, Masco Corporation is a publicly-traded company incorporated in the state of Delaware. Our common stock is traded on the New York Stock Exchange (NYSE) under the symbol MAS.

### BRANDS, PRODUCTS AND MARKETS

We are a global leader in the design, manufacture, marketing and distribution of branded home improvement and building products. These products are sold for home improvement and new home construction through home center retailers, mass merchandisers, hardware stores, homebuilders, distributors and other outlets for consumers and contractors and direct to the consumer.



Our portfolio of industry-leading brands includes KRAFTMAID® and MERILLAT® cabinets; DELTA®, PEERLESS®, and HANSGROHE® faucets, bath and shower fixtures; HOT SPRING® and CALDERA® spas; BEHR® paint, primer and stain; KILZ® primer; LIBERTY® and BRAINERD® decorative hardware; and MILGARD® windows and doors. We leverage our powerful brands across product categories, sales channels and geographies to create value for our customers and shareholders.



**CABINETRY PRODUCTS:** We are one of the largest manufacturers of kitchen and bath cabinetry in the world. This segment includes kitchen, bath, storage, home office and home entertainment assembled cabinetry. (2015 net sales: \$1.0 billion, 14 percent of Masco's total net sales)



**PLUMBING PRODUCTS:** We are a world leader in plumbing products, with access to broad distribution channels worldwide. We offer a wide variety of products, including faucets, plumbing fittings and valves, showerheads and handheld showers, bathing units and shower enclosures, toilets, spas and exercise pools. (2015 net sales: \$3.3 billion, 47 percent of Masco's total net sales)



**DECORATIVE ARCHITECTURAL PRODUCTS:** We are one of the largest suppliers of architectural coatings, including paint, primers, specialty paint products, stains and waterproofing products. This segment also includes cabinet, door, window and other hardware. (2015 net sales: \$2.0 billion, 28 percent of Masco's total net sales.)



**WINDOWS AND OTHER SPECIALTY PRODUCTS:** We are one of the leading manufacturers of vinyl, fiberglass and aluminum windows and patio doors, principally in the western United States. We also sell vinyl windows, composite and panel doors and related products and components in the United Kingdom. This segment also includes heavy duty staple guns, hammer tackers, glue guns and rivet tools as well as the staples, glue and rivets. (2015 net sales: \$0.8 billion, 11 percent of total Masco's net sales)



## SIGNIFICANT CHANGES

On June 30, 2015, we completed the spin off of our Installation and Other Services businesses into an independent, publicly-traded company, TopBuild Corp., through a tax-free distribution to our shareholders. As a result of the spin off, our business has become less dependent on new home construction, and is, therefore, less cyclical, and a greater portion of our sales are derived from international markets. Additionally, as a result of the spin off, Masco's workforce was reduced from approximately 32,000 to 25,000 employees.

## SCALE

### OPERATIONS

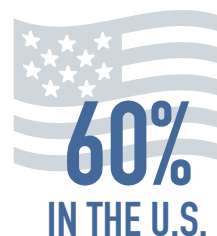
As of December 31, 2015, our principal properties consisted of 46 manufacturing facilities and 27 distribution and warehouse facilities in North America and 20 manufacturing facilities and 23 distribution and warehouse facilities outside of North America. Most of our international facilities are located in China, Germany and the United Kingdom. The total manufacturing area of Masco facilities in 2015 was approximately 1,050,000 m<sup>2</sup>.

We have significant manufacturing operations in the following countries:

- Canada
- China
- France
- Germany
- Mexico
- Turkey
- United Kingdom
- United States

### WORKFORCE

As of December 31, 2015, Masco employed approximately 25,000 employees in 35 countries. Of these employees, approximately 60 percent worked in the United States.



### COLLECTIVE BARGAINING

Approximately 2 percent of all of our U.S. employees are covered by a collective bargaining agreement, most at our Arrow Fastener and BrassCraft Manufacturing operations. Outside the U.S., the percentages are higher. For instance, at Hansgrohe in Germany, approximately 65 percent of employees are covered by a collective bargaining agreement. At HÜPPE, also in Germany, approximately 70 percent of industrial employees and 25 percent of salaried employees are covered by collective bargaining agreements. In our U.K. window businesses, approximately 13 percent of all employees are covered.

### SUPPLY CHAIN

We partner with a global supply base to manufacture and distribute products to our customers and channel partners. Our 25,000 global suppliers provide us with raw materials, components, sub-assemblies, manufacturing services, finished goods and indirect goods and services. We spend approximately \$4.5 billion with our global supply base—approximately 65 percent with suppliers in North America, 20 percent with suppliers in Asia and 15 percent with suppliers in Europe.

Many of the suppliers upon whom we rely are located in foreign countries. The differences in business practices, shipping and delivery requirements and laws and regulations have increased the complexity of our supply chain logistics and the potential for interruptions in our production scheduling.

Therefore, we have continued to seek and realize supply chain efficiencies through strategic sourcing. We also have agreements with certain significant suppliers to help ensure continued availability.

## MEMBERSHIPS

In 2015, Masco was involved with various associations and national or international advocacy organizations, whether through memberships, governance, participation in projects or committees, funding beyond routine dues, or other strategic forms of involvement. These memberships include:

### U.S. AND INTERNATIONAL (EXCLUDING EUROPE)

- AliaRSE (promoting Mexican business ethics and environmental responsibility)
- American Alliance for Water Efficiency
- American Coatings Association
- Architectural Manufacturers Association
- Conflict Free Sourcing Initiative
- Employers Group
- Equal Employment Action Committee
- Home Performance Contractors
- Human Resource Policy Association
- Kitchen Cabinet Manufacturers Association
- Manufacturers Alliance for Productivity and Innovation (MAPI)
- National Safety Council
- North County Personnel Association
- Plumbing Manufacturers Institute
- Society for Human Resource Management
- U.S. Green Building Council

### EUROPE

- Association of German Engineers (VDI)
- Association for Occupational Safety (VSW)
- Association for Solar Energy (DGNB)
- Alliance for Sustainability (Allianz pro Nachhaltigkeit)
- Bathroom Manufacturers Association
- British Fenestration Rating Council
- British Plastics Federation
- Furniture Industry Research Association
- German Association for Personnel Management
- German Sustainable Building Council
- Glass and Glazing Federation
- Industry Design Forum (Industrie Design Forum)
- Institute for Building and Environment (IBU)
- International Controller Association (ICV)
- Royal Society for the Prevention of Accidents





FEATURED PRODUCT  
HANSGROHE® Rainmaker Select Showerpipe

# ECONOMIC

## ECONOMIC PERFORMANCE

### CORE FINANCIALS

Masco's net sales for 2015 were approximately \$7.1 billion. Additional information is included in our 2015 Form 10-K, available at <http://investor.masco.com/investor-relations/financial-information/annual-reports/default.aspx>.

### REVENUE FROM SUSTAINABLE PRODUCTS

From paints that are ULGREENGUARD® and Green Seal® certified to faucets that meet standards such as European Water Label and Building Research Establishment Environmental Assessment Method, we are committed to making sustainable products. In 2015, a number of Masco's companies tracked the percentage of revenue they generated from the sale of sustainable products as follows:



### REVENUE FROM PRODUCTS MEETING VOC EMISSIONS AND CONTENT STANDARDS

Three Masco companies have determined that volatile organic compounds (VOCs) emissions and content standards are applicable to their performance: Behr Process Corporation, HÜPPE and Mirolin. For these companies, the percentage of their 2015 total revenue earned from sales of applicable products meeting these standards for VOCs was 100 percent.

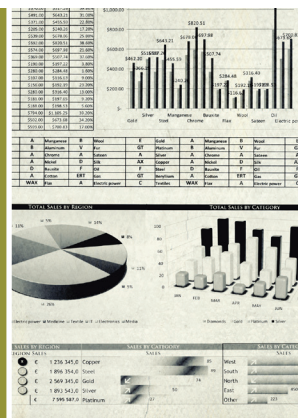
## INNOVATION

### VITALITY

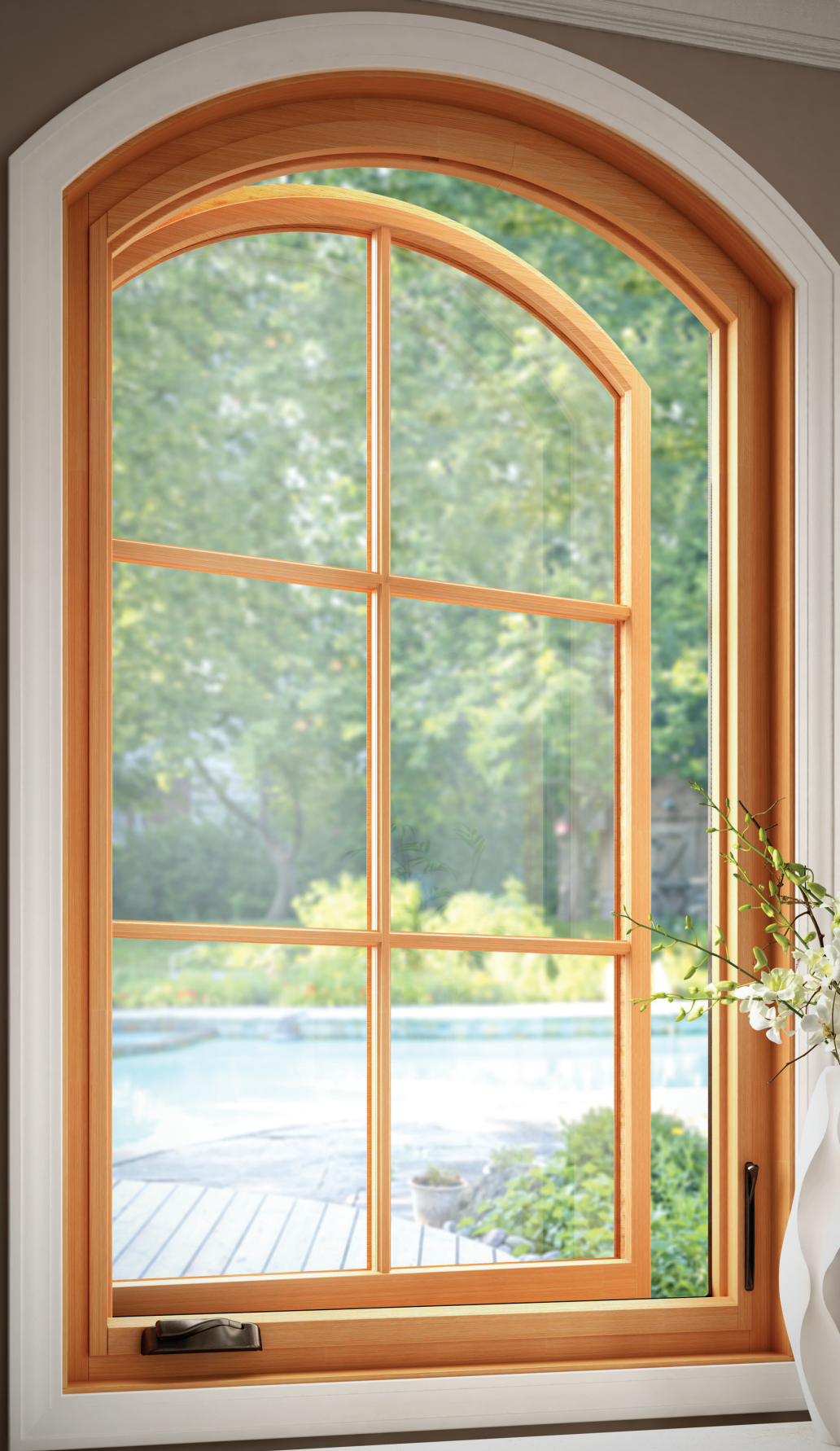
Our commitment to innovation in the development of new products keeps us at the forefront of the industries in which we do business. Masco's 2015 Vitality Index, which is the percentage of our 2015 gross sales attributable to products we first sold in the 36 months prior to December 31, 2015, was approximately 28 percent.

### INTELLECTUAL PROPERTY

The total number of patents and trademarks granted or filed by Masco during 2015 was approximately 1,700. We also hold trade secrets and proprietary and confidential information that are important to our business. In order for us to continue to lead in innovation, in the industries in which we do business, a dedicated team at Masco works to guard our intellectual property.







FEATURED PRODUCT  
MILGARD® Essence Series® Radius Casement



# ENVIRONMENT

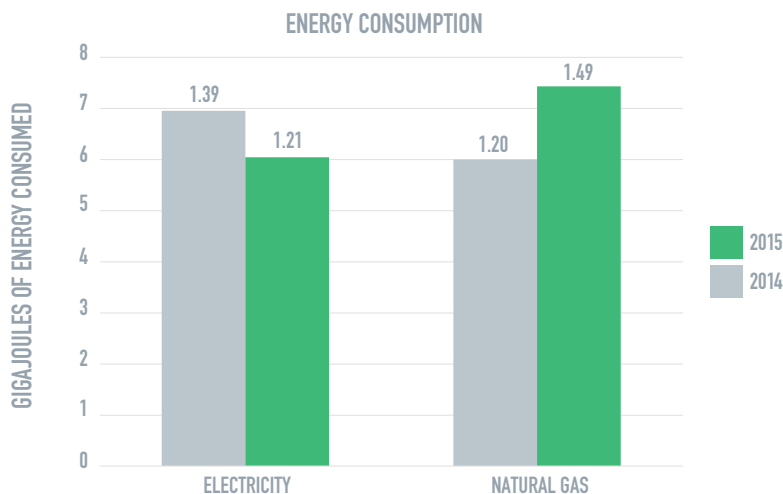


## ENERGY

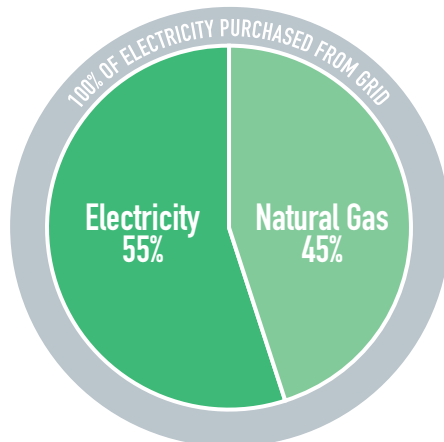


### ENERGY CONSUMPTION

Masco's total energy consumption in 2015 was comprised largely of electricity and natural gas. Masco consumed 1.21 GJ of electricity, a 15 percent decrease from 2014, and 1.49 GJ of natural gas, a 19 percent increase from 2014.



The percentage of total energy Masco consumed in 2015 in the form of electricity was 45 percent (55 percent natural gas), and 100 percent of that electricity was purchased from the grid.

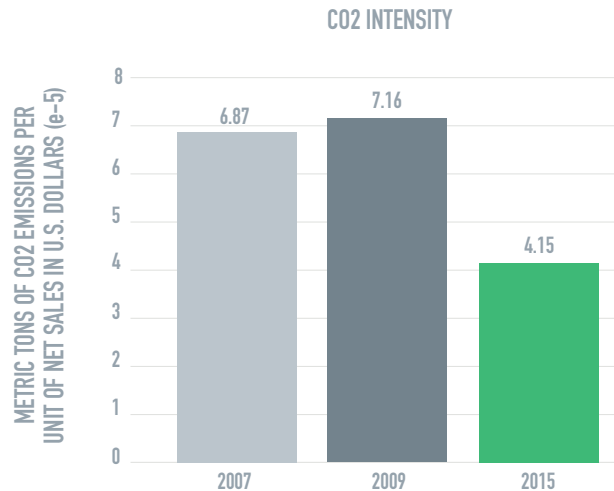


## AIR



### CO2 INTENSITY

In 2010, we committed to reducing our CO2 intensity by 10 percent from the CO2 intensity baseline in our 2007 CSR. We define CO2 intensity as metric tons of CO2 per unit of net sales in U.S. dollars. In computing CO2, we include our consumption of electricity, natural gas and heating fuel (oil) as well as fuel use (gasoline, diesel and propane). Standard conversion factors are used to compute CO2 emissions from energy use.



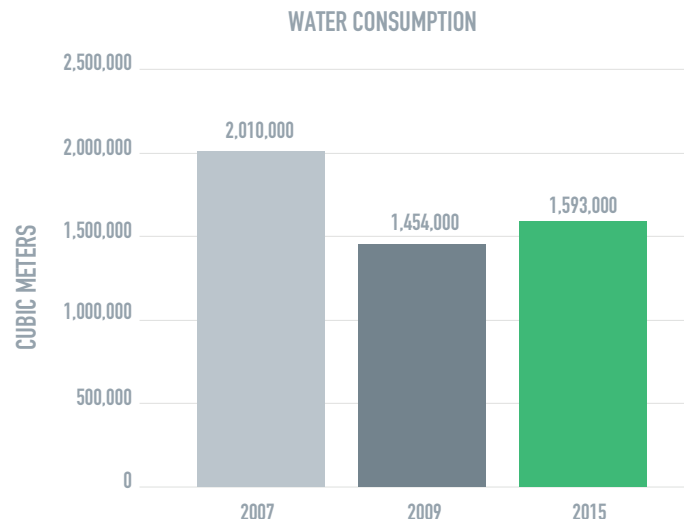
This represents a 39 percent decrease from the intensity reported in our 2007 CSR, putting us ahead of our goal of reducing our 2007 CO2 intensity by 10 percent in 2015. Masco's 2015 CO2 emissions were 63 percent lower than our CO2 emissions as reported in our 2007 CSR. Masco's 2015 net sales were 39 percent lower than our net sales reported in our 2007 CSR.

## WATER



### WATER USE

Masco's total water consumption in 2015 was approximately 1,593,000 M3. This is 21 percent lower than the volume reported in our 2007 CSR, when sales were 65 percent higher.



## WATER USE IN STRESSED LOCATIONS

In 2015, only three of Masco's companies disclosed the use of water in areas that the World Resource Institute defines as being highly or very highly stressed for water: Watkins, Behr Process Corporation, and HÜPPE. The average percentage of total water these companies consumed in these areas was 55 percent of their total water consumption.

## WATER RISK MANAGEMENT

We are committed to reducing our impact on water resources company-wide. Efforts are in place to reduce the amount of water used in product design and in manufacturing processes. For example, we have collaborated with the EPA as a WaterSense partner to encourage the efficient use of water resources and actively protect the future of our water supply. The WaterSense program currently specifies labeling of high-efficiency toilets and water-conserving bath faucets, which can provide 30 percent water savings for residential use and perform better than the industry standard. Masco also works to reduce environmental impact by responsibly disposing of water. Masco discharges process water from its manufacturing locations to local, publicly-owned treatment works. We are not aware of any bodies of water that are significantly affected by our discharges.

## WOOD

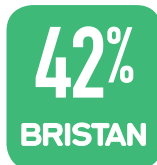


### WOOD FIBER PURCHASED

The total amount of wood fiber purchased during 2015 was approximately 100,800 metric tons (MT).

### WOOD FROM CERTIFIED FORESTLANDS

Five Masco companies have determined the procurement of wood from responsibly-managed sources is an important metric to measure performance. For these companies, the percentage of their 2015 total amount of wood fiber that was purchased from certified forestry sources was:

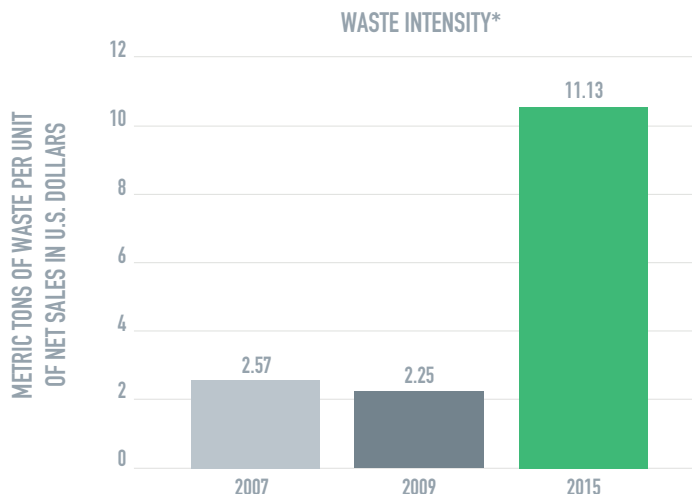


# WASTE



## WASTE INTENSITY

In 2010, we committed to reducing our waste intensity by 20 percent from the waste intensity baseline in our 2007 CSR. We define waste intensity as metric tons of waste per unit of net sales in U.S. dollars. Total waste consists of hazardous waste, non-hazardous waste and recycled waste. Hazardous waste is primarily disposed through fuels blending, incineration, landfill or recycling. Non-hazardous waste is primarily disposed through landfill. Some non-hazardous waste is also incinerated or sent to a wastewater treatment facility. Recycled waste is kept out of landfills by changing some of our process and construction waste materials into new products.



\*The numbers above do not include waste for BrassCraft or Mirolin, both of whom have efforts underway to incorporate their waste data into Masco's Corporate Health, Safety, and Environmental system going forward.

## PRODUCT LIFECYCLE MANAGEMENT

We are committed to sustainable product design, production, packaging and delivery, which may include product lifecycle evaluation for environmental impacts and product sustainability. We collaborate with many third-party business partners to reduce the environmental impact of our products, such as reducing water use and carbon intensity, as well as using sustainable materials in product development.





FEATURED PRODUCT  
BEHR® Paint Eastern Market Detroit, MI



# SOCIAL



## COMMUNITY

We engage in a broad range of youth development and civic initiatives in support of a variety of causes. In 2015, our companies worked actively with Masco's corporate office to identify and support opportunities to offer our products through donation and special pricing initiatives to nonprofit entities. Our business units are the primary source for in-kind product donations to charities.

### VOLUNTEERISM

We support our nonprofit partners primarily through our cash and product donations, along with the widespread support of our employees and their families, who volunteer regularly in the communities where they work and live.

Masco's business units actively support charitable organizations in their local communities. These contributions take the form of cash donations, volunteer engagement and the donation of products. Many business units make special volunteerism promotions, such as paid volunteer time, part of their employee relations programs. For example, Behr Process Corporation holds an annual volunteer day called "Behr Cares Day."

Masco corporate-wide charitable giving is derived from a combination of the Masco Foundation funds and corporate resources including cash and in-kind product donations. For 2015, Masco's combined charitable contributions exceeded \$6 million.



### PHILANTHROPY

We are committed to supporting both local and national organizations through monetary and manufactured donations. For 2015, our combined charitable contributions exceeded \$6 million. Organizations supported by Masco's Foundation over the 2015 calendar year include: Habitat for Humanity International, Detroit Institute of Arts, Home Aid America, Detroit Public Television and many other local and national organizations supporting arts and culture. In addition to manufactured product donations by our business units, our employees raised and donated hundreds of thousands of dollars for local charities.

The Masco Corporation Foundation, established in 1952 and funded exclusively by Masco Corporation, supports a variety of charitable organizations, and places special emphasis on financial support to not-for-profit organizations that promote decent, affordable housing for disadvantaged and low-income families. It also supports a number of specific cultural, environmental, human service and civic initiatives in the regions where Masco does business.

Since 2010, Masco has been offering employees of its U.S. business units the opportunity to participate in matching and volunteer grant programs to support the work of charitable organizations across the United States. Within established parameters and eligibility criteria, Masco matches employees' gifts to qualified 501(c)(3) public charities and educational institutions. In addition, employees who volunteer their time and energy to promoting charitable causes have the opportunity to apply for grants that they may direct to qualified charities of their choice.

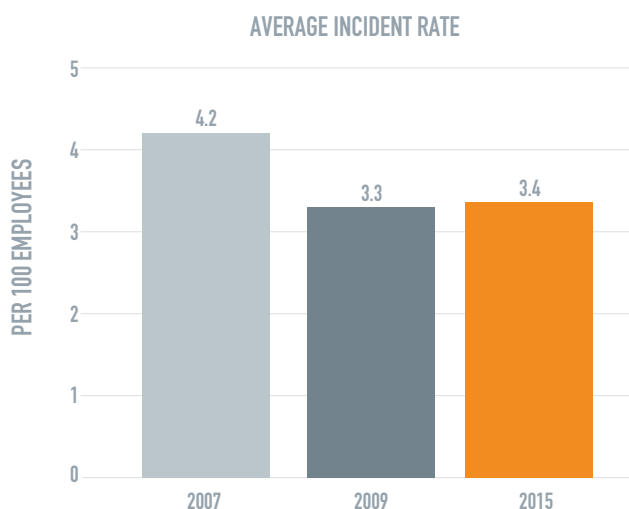
## EMPLOYEE ENGAGEMENT

We survey our employees regularly to continually stay acquainted with them, collect their critiques and understand where improvements can be made. With a high level of engagement, we can clearly understand opportunities to better the work atmosphere company-wide. In 2015, we continued to meet our company goal, established in 2007, to engage our employees in educational programs and through communications about living and working in a more sustainable manner.

## HEALTH & SAFETY

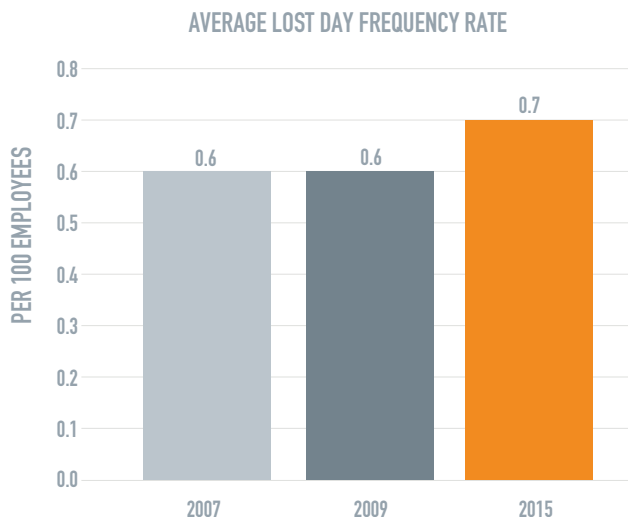
### INCIDENT RATE

The safety of our employees is integral to our company and is handled responsibly and quickly. In support of our safety efforts, Masco collects and analyzes injury data centrally. For the 2015 calendar year, Masco had an average incident rate of 3.4 per one hundred employees.



## LOST DAY FREQUENCY RATE

Masco works to maximize company-wide efficiency through limiting lost days and encouraging a high standard of safety within the workplace. For the 2015 calendar year, Masco had an average lost day frequency rate of 0.7 per one hundred employees.



## CHEMICAL RESPONSIBILITY

### MANAGING PRODUCT RISK

By utilizing various environmental, health and safety (EHS) tools to analyze the hazards of chemicals and ensure their proper handling, labeling and waste treatment, we strive to keep our employees and customers safe from potentially harmful chemicals. Our program to mitigate risks to our employees as well as our customers starts when a chemical is first considered for use in our products or processes. Each new chemical must be reviewed and approved, including meeting REACH regulations in Europe, where applicable, before it may be brought on site and used in our products or processes.

### MANAGING EMERGING CONCERNS

Masco follows strict regulations through software identification and requests from suppliers to constantly equip employees and customers to deal with emerging chemicals of concern. For example, Behr works closely with coating associations in both the United States and Canada to keep abreast of new regulations regarding chemicals used in its products. Before approving a supplier for these business units that may use emerging chemicals of concern, our relevant businesses require the supplier to declare whether its product or packaging contain Substances of Very High Concern (SVHCs). If the products or packaging contain SVHC, they are dealt with in a safe manner according to regulation.





FEATURED PRODUCT  
Merillat Classic® LaBelle collection



# REPORTING



## MATERIALITY

### ENTITIES

All of Masco's business units are wholly owned, directly or indirectly, except for Hansgrohe SE, and are included in both this CSR and financial reports. Masco owns 68 percent of Hansgrohe SE.

### DEFINING REPORT CONTENT

To prioritize the issues of most importance to our stakeholders, we hired a third-party consultant to assist the SSC in assessing disclosure topics.

Our assessment focused on identifying, prioritizing, and validating aspects from the following key sources: Masco's own documents on its sustainability strategy; feedback from Masco's SSC, SSC Working and Advisory Groups, and employees; feedback directly from stakeholders; initiatives from recognized industry organizations such as the Sustainability Accounting Standards Board, Global Reporting Initiative, Carbon Disclosure Project and the United Nations; documentation on the views of our stakeholders, including North American reporting authorities and surveys of U.S. environmental attitudes; and findings from peer benchmarking studies. In addition, specific comments and suggestions from stakeholders regarding our 2009-2010 CSR report have been influential in determining the structure and content of this report.

From the content determined to be significant, we then identified the subset of content that would be appropriate to report, such as content with available data and without competitive risk. Finally, for each topic, we determined the boundary of applicability. For example, when considering volatile organic compounds (VOCs) in regard to chemicals in our products, our boundary included relevant companies such as Behr Process Corporation, but not most of our other companies.

## MATERIAL ASPECTS AND BOUNDARIES

Following is a list of all material aspects Masco identified in the process of defining its 2015 CSR content, organized to align with the categories of the Global Reporting Initiative:

### Economic

- Economic performance

### Environmental

- Sustainable products and services
- Energy
- Materials
- Water
- Biodiversity
- Emissions
- Effluents and waste

### Social

- Community engagement
- Occupational health and safety
- Training and education

This report provides a detailed summary of the sustainability performance and practices of Masco and its consolidated operating businesses as of December 31, 2015. Masco owns 68 percent of Hansgrohe SE, and the information from Hansgrohe's operations is included in this report. In addition, Hansgrohe has produced its own Sustainability Report covering its facilities. The most recent Hansgrohe Sustainability Report is available in English ([www.hansgrohe.com](http://www.hansgrohe.com)) and German ([www.hansgrohe.de](http://www.hansgrohe.de)).

## SIGNIFICANT CHANGES

While Masco's organizational profile changed in 2015 with the spin off of our Installation and Other Services businesses, this report does not contain any significant changes in scope, boundary or measurement methods as compared to the 2009-2010 CSR. This report does not contain a restatement of information relating to Masco's major financial indicators and environmental data.

## STAKEHOLDER ENGAGEMENT

### GROUPS

Our stakeholder groups, as of December 31, 2015, include the following:

- **Employees**—Masco and its business units had approximately 25,000 employees in 35 countries, approximately 60 percent of whom worked in the United States.
- **Investors**—Masco is a publicly-traded company and had approximately 4,000 shareholders of record as of December 31, 2015.
- **Customers**—Our customers include home center retailers, other retailers, dealers, distributors and homebuilders. Our largest customer is The Home Depot, which represents approximately 33 percent of our consolidated 2015 net sales.
- **Consumers**—The ultimate consumers of our goods include builders, contractors, designers, installers and homeowners.
- **Communities**—Masco's principal North American facilities consist of 46 manufacturing facilities and 27 distribution and warehouse facilities, and its principal facilities outside North America consists of 20 manufacturing facilities and 23 distribution and warehouse facilities. Community involvement and good citizenship are important parts of the Masco corporate culture. Through the Masco Foundation, the Company has demonstrated its commitment to a variety of arts, cultural and housing-based organizations, such as Habitat for Humanity, serving the communities in which its companies and employees reside.
- **Suppliers**—Masco buys raw materials and parts for its products from a wide range of supplier companies around the world.

## SELECTION

Masco views its business—first and foremost—as one that serves its stakeholders. From our customers to our business partners to our employees, we know our financial and corporate sustainability performance depends on establishing good relationships with those we serve and rely on in the communities in which we work and live. We believe in engaging with all of our stakeholders honestly, respectfully and with integrity. Our stakeholder groups have been identified through a number of processes, namely feedback from Masco’s SSC, SSC Working and Advisory Groups, and employees, feedback directly from stakeholders, studies from recognized industry organizations, and evaluation of peer benchmark studies.

## APPROACH

We routinely seek input on what we make and sell, and how we operate internally and externally through employee surveys, shareholder meetings, market research and customer satisfaction analyses. The qualitative market research studies we conduct typically include questions related to the importance of sustainability to customer buying decisions.

Our approach has been to respond to various investors, highly-respected nongovernmental organization and advocacy group inquiries for information. We also believe that our Corporate Sustainability Report is an effective method for providing meaningful communications with our stakeholders about our sustainability practices. In addition, Masco interfaces regularly with sustainability executives from other companies. This has enabled peer review and learning within a network of trusted professionals. We also engage in sustainability best-practice exchanges with other companies.

Masco’s suppliers are engaged through our enterprise-wide Supplier Business Practices Policy and audit process, and each Masco business unit has one or more managers or groups responsible for ensuring employee engagement in their respective organizations.

Through executive interviews, online bulletin boards and focus groups, Masco seeks to connect with its customers and build a two-way conversation. This conversation is enabled by a corporate Customer Satisfaction Index initiative across our North American business units that continually captures, evaluates and reports on how our channel customers, consumers, designers and installers perceive our product offerings. Our business units undertake qualitative and quantitative “Voice of Customer” market research to guide their development efforts for new products focused on the needs of their customers.

## CONCERNS

This report pays special attention to the topics of greatest concern to our principal stakeholders. These topics include innovative and sustainable products and energy usage.

## REPORT PROFILE

### REPORTING PERIOD

This Corporate Sustainability Report (CSR) focuses on Masco’s corporate governance, reporting approach, and economic, social and environmental performance during 2015.



## EXTERNAL ASSURANCE

External report assurance was not sought for this report.

## DATE OF PREVIOUS REPORT

Our most recent report was published in 2010.

## REPORTING CYCLE

This report is planned to be published biennially.

## REPORT CONTACT

Masco encourages feedback on its Corporate Sustainability Report. If you would like to comment on the report, please e-mail us at [sustainabilityreport@mascohq.com](mailto:sustainabilityreport@mascohq.com). Additional information about Masco, our business units and brands is available on our website at [www.masco.com](http://www.masco.com) and in our 2015 Annual Report, which is also available on our website.

## GRI REFERENCE AND SASB INDEX

This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines as well as metrics from the Sustainability Accounting Standards Board (SASB). The following table shows the location of each disclosure and metric in this report:

GRI G4 Discl. ID	GRI G4 Disclosure	SASB Discl. ID	SASB Disclosure	2015 CSR Sub-Section	2015 CSR Page #
1	Executive statement			Executive message	7
3	Organization name			Organization	10
4	Primary brands, products, and services			Brands, products and markets	11
5	Organization location headquarters			Organization	10
6	Number and names of countries of operation			Operations	12
7	Ownership and legal form			Organization	10
8	Markets served			Brands, products and markets	11
9	Organizational scale	CN0603-B	Area of manufacturing facilities	Operations	12
10	Workforce breakdown	CN0602-B	Number of employees	Workforce	12
11	Collective bargaining agreements			Collective bargaining	12
12	Supply chain			Supply chain	13
13	Significant profile changes			Significant changes	12
14	Precautionary principle			Precautionary principle	10
15	Endorsements of external initiatives			Endorsements	10
16	Association and advocacy memberships			Memberships	13
17	Entities in consolidated financial reports			Entities	26

GRI G4 Discl. ID	GRI G4 Disclosure	SASB Discl. ID	SASB Disclosure	2015 CSR Sub-Section	2015 CSR Page #
18	Process for defining report content and aspect boundaries			Defining report content	26
19	Material aspects			Material aspects and boundaries	27
20	Material aspect internal boundaries			Material aspects and boundaries	27
21	Material aspect external boundaries			Material aspects and boundaries	27
22	Effect of any restatements			Significant changes	27
23	Significant scope or aspect boundary changes			Significant changes	27
24	Stakeholder groups engaged			Groups	27
25	Stakeholder selection rationale			Selection	28
26	Stakeholder engagement approach			Approach	28
27	Stakeholder concerns and responses			Concerns	28
28	Reporting period			Reporting period	28
29	Date of previous report			Date of previous report	29
30	Reporting cycle			Reporting cycle	29
31	Report contact			Report contact	29
32	GRI reference and index			GRI and SASB Index	29
33	External assurance and executive support			External assurance	29
34	Governance structure			Structure	9
56	Codes of conduct and ethics			Ethics and integrity	9
DMA	Waste	CN0603-04	Discussion of efforts to manage product lifecycle impacts and meet demand for sustainable products	Product lifecycle management	20
DMA	Water	CN0602-02	Discussion of water management risks and description of strategies and practices to mitigate those risks	Water risk management	19
DMA	Community			Volunteerism	22
DMA	Product Chemicals	CN0603-02	Description of processes to assess and manage risks and/or hazards associated with chemicals in products	Managing product risk	24
DMA	Product Chemicals	CN0602-07	Discussion of process to identify and manage emerging materials and chemicals of concern	Managing emerging concerns	24
EC1	Direct economic value generated and distributed			Philanthropy	22
EC1	Direct economic value generated and distributed	CN0603-A	Annual production	Core financials	15

GRI G4 Discl. ID	GRI G4 Disclosure	SASB Discl. ID	SASB Disclosure	2015 CSR Sub-Section	2015 CSR Page #
EC1 EC2	Direct economic value generated and distributed  Financial implications and other risks and opportunities for the organization's activities due to climate change			Revenue from sustainable products	15
EC1 EC2	Direct economic value generated and distributed  Financial implications and other risks and opportunities for the organization's activities due to climate change			Vitality	15
EC2 EN1 EN12 EN13	Financial implications and other risks and opportunities for the organization's activities due to climate change  Materials used by weight or volume  Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas  Habitats protected or restored	CN0603-06.29 CN0602-10.41	Total Wood Fiber Purchased  Total Wood Fiber Sourced	Wood fiber purchased	19
EN1 EN12 EN13	Materials used by weight or volume  Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas  Habitats protected or restored	CN0603-06.30 CN0602-10.42	Percentage by Third Party Certified Forestlands, by Standard  Percentage from Certified Sources	Wood from certified forestlands	19
EN1 EN12 EN13	Materials used by weight or volume  Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas  Habitats protected or restored	CN0603-06.34	Percentage Meeting Other Fiber Sourcing Standards, by Standard	Wood from certified forestlands	19
EN15 EN16 EN17 EN18	Direct greenhouse gas (GHG) emissions (Scope 1)  Energy indirect greenhouse gas (GHG) emissions (Scope 2)  Other indirect greenhouse gas (GHG) emissions (Scope 3)  Greenhouse gas (GHG) emissions intensity			CO2 intensity	18
EC2 EN21	Financial implications and other risks and opportunities for the organization's activities due to climate change  Nox, Sox, and other significant air emissions	CN0603-03.18	Percent of applicable products meeting volatile organic compound (VOC) emissions and content standards	Revenue from products meeting VOC emissions and content standards	15

GRI G4 Discl. ID	GRI G4 Disclosure	SASB Discl. ID	SASB Disclosure	2015 CSR Sub-Section	2015 CSR Page #
EC2 EN23	Financial implications and other risks and opportunities for the organization's activities due to climate change  Total weight of waste by type and disposal method			Waste intensity	20
EC2 EN27 EN31	Financial implications and other risks and opportunities for the organization's activities due to climate change  Extent of impact mitigation of environmental impacts of products and services  Total environmental protection expenditures and investments by type			Intellectual property	15
EN3	Energy consumption within the organization	CN0603-01.01 CN0602-01.01	Total energy consumed	Energy consumption	17
EN3	Energy consumption within the organization	CN0603-01.03 CN0602-01.03	Percentage grid electricity	Energy consumption	17
EN8	Total water withdrawn by source	CN0602-02.07	Total freshwater withdrawn	Water use	18
EN9	Water sources significantly affected by withdrawal of water	CN0602-02.09	Percentage in regions with high or extremely high baseline water stress	Water use in stressed locations	19
24 26 LA5	Stakeholder groups Stakeholder engagement approach Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs			Employee engagement	23
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender			Incident rate	23
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender			Lost day frequency rate	24