

Sustainability strategy

For Geberit, sustainability means being oriented towards the future and being successful over the long term. A long-term orientation results when a balance is struck between economic, ecological and social aspects in all decision-making processes. Sustained high profitability is being striven for. In addition to shareholder value, value is simultaneously created for many other stakeholders (creating shared value): innovative, design-oriented and sustainable products; training and education of plumbers, planners and architects; the smallest possible ecological footprint along the entire value chain; production plants with prospects for numerous regions; a cooperation with suppliers and business partners that is based on fairness; and leadership for sustainable development in the sanitary industry.

The graphic below shows how Geberit implements integrated sustainability. The vision of achieving sustained improvement in the quality of people's lives with its innovative solutions in the field of sanitary products represents the starting point. To bring this vision to fruition, Geberit continuously refines its products, systems and services and sets new standards as a market leader in the area of sanitary products. The long-term core strategy is based on four pillars: focus on sanitary products, commitment to design and innovation, selective geographic expansion and continuous optimisation of business processes. The sustainability strategy supplements the core strategy with eleven concrete modules. These modules strengthen the business model and the added value for various stakeholders in the areas People, Planet and Profit in a targeted manner. The results of Geberit's activities show the diverse added value in the three dimensions of sustainability. This is illustrated by → **concrete key figures**. At the same time, the results contribute to the UN Sustainable Development Goals (SDGs) set out in the 2030 Agenda for Sustainable Development (→ see G4-2). Goal number 6 – "Clean Water and Sanitation" – is a key focus for Geberit due to its product portfolio. However, significant contributions are also made when it comes to "Decent Work and Economic Growth" (goal number 8), "Industry, Innovation and Infrastructure" (goal number 9) and "Sustainable Cities and Communities" (goal number 11).

The modules of the sustainability strategy bundle current or future projects, initiatives or activities. Each module contains clear responsibilities with measurable objectives, derived measures and quantifiable key figures for effective monitoring.

Our foundations

People

- Employees
- Customers (B2B)
- End users (B2C)
- Stakeholders
- Society

Planet

- Raw materials
- Energy
- Water

Profit

- Shareholders
- Financial structure
- Investments
- Market environment
- Areas of competence
- Innovation
- Logistics
- Purchasing
- Production
- Marketing and sales

Our business model



Our results

People

- Competent and motivated employees
- Healthy and safe working environment
- High level of expertise in the sanitary industry
- Improved quality of life
- Solid partnerships
- Fair business partner
- Contribution to the public value

Planet

- Reduced ecological footprint along the entire value chain
- Compatibility with the two-degree target set out in the Paris Agreement
- Water-saving and resource-efficient products

Profit

- Good sales development and high profitability
- Solid financial foundation
- Attractive dividends
- Exemplary corporate governance
- Transparent remuneration system
- Innovative products, systems and services
- Legal compliant products and organisation
- Contribution to civil society

Connection to UN Sustainable Development Goals



The following pages provide an overview of the sustainability modules with important facts and achievements for 2016 as well as the outlook for 2017 to 2019. The current sustainability strategy covers the entire Geberit Group, including the Sanitec Group, which was acquired at the beginning of 2015. Although the ecological footprint and the number of employees increased significantly due to the integration, the Geberit Group is sticking to its strategic approaches and ambitious goals. Geberit aims to be a pioneer and leader in the sanitary industry in the area of sustainability.

Procurement & Logistics

Modules and goals

Important Facts and Achievements 2016

Outlook and Goals 2017-2019

Green Procurement

Suppliers demonstrably comply with Geberit's high standards for environmentally friendly and socially responsible production.

- Amendment and translation of the Code of Conduct for Suppliers into an additional 13 languages. As of the end of 2016, 1,084 suppliers have signed the Code of Conduct for Suppliers (previous year 868 suppliers). This equates to over 90% of the total procurement value. Among the top 200 suppliers, the share of companies that have signed is 95.5% (previous year 93.1%).
- In 2012, the planning system for the performance of systematic audits was developed further. In addition to consistent quality audits, EHS audits (environment, health and safety) are performed in the highest sustainability risk class in particular. When a purchasing agent from Geberit next visits a supplier, they check to ensure that the corrective measures agreed with the supplier have been implemented.
- A Group-wide portfolio analysis with regard to sustainability risks showed a higher risk for 42 existing suppliers (previous year 42), which corresponds to around 7% of the procurement value of the former Geberit. 38 of these 42 suppliers have already been audited.
- Five third-party audits were carried out on suppliers in China, Poland and India.

- All new suppliers and all existing suppliers of the former Sanitec have to sign the Code of Conduct.
- Additional third-party audits of suppliers are to be carried out and the required corrective measures checked as part of re-audits.
- Sustainability risks in the supply chain of the suppliers of the former Sanitec are to be analysed.
- An Integrity Line for suppliers, via which irregularities in the purchasing process can be anonymously reported, is to be introduced.

Green Logistics

Geberit optimises its logistics with regard to energy consumption, emissions and packaging.

- In 2010, a logistics calculator was developed to measure the key transport and environmental figures for the most important transport service providers in Europe. The system scope was expanded by three sites compared to the previous year.
- In 2016, the transport service providers handled 302.6 million tkm (previous year 183.0 million tkm), resulting in 42,179 tonnes of CO₂ emissions (previous year 29,671 tonnes) – a figure that can be explained by the expansion of the system scope and sales growth.
- The share handled by Euro 5 trucks was 70.8% and the share handled by state-of-the-art Euro 6 vehicles increased further to 26.2%.
- At the beginning of 2015, work began on the expansion of the logistics centre in Pfullendorf (DE). This is expected to commence operations in 2017 and facilitates further enhancements in efficiency, including with regard to the environment.
- The implementation of Geberit processes and standards, including sustainability aspects, at the logistics sites of the former Sanitec was commenced. The number of transport service providers was reduced (Poland, Germany), with orders now being handled by existing service providers.
- Bundling of transportation and freight capacity optimisation resulted in synergies and fewer transport runs. The capacity utilisation of sea shipments to the USA increased by 20%.
- Increase in the quantities transported to Turkey by train of over 15% and daily deliveries to customers in Germany in combined transport via Ulm.
- The use of super lorries (with a length of up to 25 metres and a total weight of up to 60 tonnes) in Scandinavia increases load volumes and the number of transported pallets by around 40%.

- Extension of environmental monitoring to the sites of the former Sanitec and formulation of suitable measures in close collaboration with the transport service providers.
- Further optimisation of loading capacity with technical equipment and organisational changes.
- Discontinuation of Euro 1, Euro 2 and Euro 3 trucks and more intensive use of Euro 6 vehicles.
- Review of use of vehicles with an alternative drive technology on further routes. Truck powered by natural gas to remain in operation between Jona and Pfullendorf.

Production

Modules and goals	Important Facts and Achievements 2016	Outlook and Goals 2017-2019
<p>Environmental management</p> <p>Geberit operates environmentally friendly, energy- and resource-efficient as well as economical production plants.</p>	<ul style="list-style-type: none"> ■ The absolute environmental impact reduced by 4.0% in 2016. The environmental impact in relation to net sales (currency-adjusted) dropped by 10.8%. This confirms that Geberit is exceeding its long-term target of 5% per year. ■ All 17 Geberit production plants and 13 of the 16 former Sanitec plants are certified to ISO 14001. The Group certificate is valid until 2018. ■ Continued roll-out of the integrated Geberit management system for quality, environment, occupational safety and energy (selective) at all plants. ■ Roll-out of approval process for hazardous substances in all former Sanitec plants. 	<ul style="list-style-type: none"> ■ Improvement of eco-efficiency (environmental impact in relation to net sales, currency-adjusted) by 5% per year on average. ■ Same improvement in relative water consumption as for eco-efficiency, i.e. 5% per year on average. ■ Integration of all new plants into the Geberit management system and certification according to ISO 9001/14001 and OHSAS 18001 by the end of 2018. ■ Systematic documentation and management of packaging and electronic waste from the sales companies.
<p>CO₂ strategy</p> <p>Geberit actively contributes to the protection of the climate and consistently reduces CO₂ emissions.</p>	<ul style="list-style-type: none"> ■ In 2016, CO₂ emissions decreased by 3.0%. CO₂ emissions in relation to net sales (currency-adjusted) declined by 9.9%. This confirms that Geberit is on track with its long-term CO₂ strategy. ■ The share of purchased green electricity increased by 3 GWh to 44 GWh in 2016. In total, renewable energy sources accounted for 37.7% of electricity and 6.3% of combustibles. ■ 3.4 GWh of green electricity was produced in 2016. ■ First certification of the plants in Wesel and Haldensleben (DE) to ISO 50001 – a total of five plants are certified to this standard. 	<ul style="list-style-type: none"> ■ Same improvement in relative CO₂ emissions as for eco-efficiency, i.e. 5% per year on average. ■ Long-term CO₂ target compatible with the two-degree target set out in the 2015 Paris Agreement (science-based): Reduction of absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth). ■ Annual purchase of an additional 3 GWh of green electricity and increase in the share of electricity and combustibles accounted for by renewable energy sources to 45% and 10% respectively by 2021. ■ Continuation of the fuel-reduction plan: Reduce emissions of new vehicles to 100 grams of CO₂/km by 2020.
<p>Processes and Infrastructure</p> <p>Geberit procures and operates durable and high-quality infrastructures such as buildings, equipment and tools.</p>	<ul style="list-style-type: none"> ■ Demolition and safe disposal of infrastructure and systems in Wesel and Haldensleben (DE), Gaeta (IT), Limoges, Digoin and Selles-sur-Cher (FR) and Ekenäs (FI) that were obsolete and no longer required. Old, inefficient machines in Langenfeld (DE) and a total of four tunnel kilns in Haldensleben (DE) and Slavuta (UA) were scrapped or put out of operation. ■ Number of injection moulding machines with energy-efficient drive technology increased from 137 to 150. ■ An optimised manufacturing process for the production of urinal divisions reduces throughput times, energy consumption and occupational safety risks. ■ Process optimisation for the manufacture of the Mepla multilayer pipe in Givisiez (CH) with a reduction in water and natural gas consumption of over 70%. ■ Two tunnel kilns for ceramic production were previously retrofitted with state-of-the-art burner technology. In 2016, this technology was also installed in an additional three tunnel kilns, resulting in savings of around 3.6 GWh of gas. 	<ul style="list-style-type: none"> ■ Consistent renewal of machine fleet with energy-efficient drive technology. Further increase in the number of injection moulding machines with energy-efficient drive technology (hybrid, fully electrical, standby) from 150 to 155 machines. ■ Removal of two additional tunnel kilns in Ekenäs (FI). ■ Process optimisation for the manufacture of Mapress fittings in Langenfeld (DE) with a reduction in electricity and natural gas consumption, reduced use of lubricants and lower quantities of hazardous waste. Implementation of first fully electrically driven production line. ■ Retrofitting of an additional six tunnel kilns for ceramic production, reducing gas consumption by a total of around 27 GWh/a and saving a total of some 6,500 tonnes of CO₂ emissions.
<p>Occupational safety</p> <p>Geberit operates safe production plants and promotes a safety culture at a high level.</p>	<ul style="list-style-type: none"> ■ Global implementation of the Geberit Safety System, including integration into the Geberit management system and certification according to OHSAS 18001. ■ The accident frequency rate (AFR) decreased by 14.0% to 9.8. The accident severity rate (ASR) increased slightly by 1.6% to 209.4. ■ All 17 Geberit production plants and 7 of the 16 former Sanitec plants are certified to OHSAS 18001. 	<ul style="list-style-type: none"> ■ Long-term objective: AFR and ASR to be reduced by 50% between 2015 and 2025, targets AFR = 5.5 and ASR = 90. ■ Integration of the Geberit Safety System into the Geberit management system and certification of all production plants to OHSAS 18001 by the end of 2018. ■ Introduction of the new occupational safety standard ISO 45001 (replacing OHSAS 18001).

People

Modules and goals	Important Facts and Achievements 2016	Outlook and Goals 2017-2019
<p>Compliance</p> <p>Geberit complies with all laws, guidelines, norms and standards.</p> <p>Geberit checks the effectiveness of its internal monitoring systems and guidelines and implements appropriate measures in the event of misconduct.</p>	<ul style="list-style-type: none"> ■ Compliance with the Code of Conduct has been checked with a Group-wide survey every year since 2008; compliance at the former Sanitec companies has been checked since 2015. The Internal Audit Department carries out special interviews with the managing directors on the topics in the Code of Conduct. No significant breaches of the Code of Conduct were identified. ■ One significant incident was reported via the Geberit Integrity Line, which was launched Group-wide in 2013. An integrity audit was carried out, which ultimately led to changes in personnel. ■ Various training events on antitrust legislation for managing directors of the European sales companies and for new sales employees in Germany, among others. ■ Repeat of the antitrust legislation eLearning course in the European sales companies and of the Group-wide survey on correct practice regarding donations. ■ Analysis of compliance risks with respect to the collaboration with independents agents. Creation and introduction of a specific code of conduct for business partners as well as a compliance obligation for contractors involved in construction projects. 	<ul style="list-style-type: none"> ■ Further promotion of the Geberit Integrity Line. ■ Introduction of an Integrity Line for suppliers, via which irregularities in the purchasing process can be anonymously reported. ■ Repeat of the antitrust legislation eLearning course in the non-European sales companies.
<p>Employer responsibility</p> <p>Geberit is committed to providing attractive jobs.</p> <p>Geberit supports disadvantaged employees and apprentices</p>	<ul style="list-style-type: none"> ■ Expansion of the standardised global Performance assessment, Development and Compensation process (PDC), including to the new companies of the former Sanitec. 2,300 employees were integrated at the end of 2016. ■ End 2016, Geberit employed 233 apprentices. The transfer rate to a permanent employment relationship was 75%. ■ The employee survey carried out across the Group saw a high level of participation and, on the whole, great commitment on the part of the employees. Very good results were achieved in the area of quality and innovation, team and personal goals, while the survey revealed a need for action when it comes to employee development and the integration of the acquired business. ■ A volunteering project was conducted in Nepal with Geberit employees in cooperation with Helvetas. ■ A comprehensive vitality programme that focuses on exercise, nutrition, mental challenges, vitality and working environment at the sites in Jona (CH) and Pfullendorf (DE). 	<ul style="list-style-type: none"> ■ Continued roll-out of the Performance assessment, Development and Compensation process (PDC). ■ Targeted support for transfer of apprentices to a permanent position: Target rate is 75%. ■ Top-down communication of the results of the employee survey as well as the definition of measures at all levels of the organisation; launch of the implementation phase. ■ Continuation of a volunteering project with Geberit employees. ■ Development of management personnel at the ceramics plants with the goal of promoting Geberit's performance culture, beginning with a pilot project in Wesel (DE).
<p>Social responsibility</p> <p>Geberit fulfils social responsibilities in society within the scope of the UN Sustainable Development Goals.</p>	<ul style="list-style-type: none"> ■ Geberit employees contributed 2,336 hours of charitable work as part of social projects. ■ Partnership with Helvetas on the topic of drinking water and sanitary facilities in developing countries. ■ Social project carried out in Warsaw (PL) with apprentices, an assignment involving the renovation of several sanitary facilities and volunteering work with children at a primary school. ■ Opening of a sixth vocational school for plumbers in Ukraine in collaboration with the local ministry of education. ■ In 2016, the Geberit production plants supported a number of workshops for disabled persons, where simple assembly and packaging work in the amount of CHF 6.3 million was carried out. 	<ul style="list-style-type: none"> ■ Continuation of the partnership with Helvetas. Access to clean drinking water and sanitary facilities for people in developing countries. ■ Implementation of a major social project in Ukraine with apprentices in 2017. ■ Review of the effectiveness of social projects two to three years after their implementation. ■ Analyse and illustrate in a more systematic manner how Geberit benefits society.

Products

Modules and goals

Important Facts and Achievements 2016

Outlook and Goals 2017-2019

Eco-design

During the development process, all Geberit products are optimised with regard to their environmental friendliness, resource efficiency and durability.

Environmental aspects are already considered during technology development.

- Eco-design workshops have been part of the development process for all new products since 2007, and since 2010 they have also been part of product modifications and technology projects.
- The successful continuation of this approach resulted in a number of ecological improvements to products, such as
 - New Geberit urinal system fulfils the most stringent water and energy consumption standards while minimising life-cycle costs.
 - Electronic washbasin tap Piave with optimal user-friendliness and ease of installation as well as minimal water and energy consumption.
 - Shower toilet Geberit AquaClean Tuma Comfort with innovative WhirlSpray shower technology and significantly reduced energy consumption thanks to heating-on-demand technology.
 - Revised Pluvia roof drainage system featuring an ergonomic and more compact design and resulting in savings in materials of 25%, which translates into savings of around 350 tonnes of CO₂ each year.
- Comprehensive product life cycle assessment of the washbasin tap Piave and the creation of an Environmental Product Declaration (EPD).

- Systematic continuation of eco-design workshops for product development, including in the area Bathroom Ceramics and Ceramics Complementary Products.
- Creation of additional Environmental Product Declarations (EPDs) in accordance with the European standard EN 15804.
- Expansion of the green building product portfolio.
- Search for alternative materials or a combination of existing materials for optimising resource efficiency when developing integrated sanitary products.

Green building

Geberit has in-depth expertise in the fields of water conservation, quality of drinking water, sound insulation and green building.

Geberit is the leading partner in the planning and implementation of first-class sanitary solutions for green buildings.

- Geberit products are exemplary when it comes to water and energy consumption and sound insulation. A broad range of Geberit products help with the implementation of green building concepts and standards such as Minergie, DGNB, BREEAM and LEED.
- Member of various green building associations in CH, DE, ES, USA, ZA and AU.
- Eleven Geberit product groups – a total of just under 700 sales products – carry the water efficiency label WELL. Ten of these eleven product groups carry the top A class label and account for more than 18% of Group sales.
- Preparation of FSC certification (wood label) for bathroom furniture; this certification will cover the entire supply chain.
- Certification of first products in the Ifö Sense bathroom furniture series with the “Nordic Swan” ecolabel.
- Support of the NEST project (Next Evolution in Sustainable Building Technologies) at EMPA in Dübendorf (CH).

- Use of the existing product portfolio and expansion of the green building area of competence.
- Targeted search for green building reference projects in the European core markets and the Asia-Pacific region.
- First FSC-certified bathroom furniture series from the brands Keramag and Sphinx.
- Classification of selected Ifö products according to the sustainability standard EN 16578.