

COMMUNICATION ON PROGRESS UNGC

Human rights

Principle 1:

Support and respect the protection of internationally proclaimed human rights

- When hiring employees and determining their assignment in the company, Geberit attaches great importance to qualifications appropriate to the task description. In accordance with their qualifications, the majority of Geberit employees at the production sites and sales companies are paid well above the minimum wage range. This considerably reduces the risk of human rights violations. See → **GRI 202-1**
- In its Code of Conduct, Geberit undertakes to be an exemplary, reliable and fair business partner and employer at all times. As a fair partner, Geberit recognises all laws, directives and internationally recognised standards as well as the UN Guiding Principles on Business and Human Rights, and complies with them in full. All new employees at Geberit are trained on the Code of Conduct as part of the Welcome events. See → **Code of Conduct for Employees**, → **GRI 102-16**, → **GRI 412-2**
- Compliance with the Code of Conduct is monitored Group-wide as part of an annual survey and supplemented by internal audits on site. There were no breaches related to human rights in 2020. See → **GRI 412**, → **GRI 419**
- The Geberit Integrity Line gives all employees the opportunity to report irregularities anonymously. One case of workplace bullying was recorded by the Integrity Line for employees in 2020, which was investigated. The accused person has since left the company.

Principle 2:

Make sure the company is not complicit in human rights abuses

- With respect to human rights abuses, the greatest risk for Geberit lies with suppliers, who can be influenced only indirectly. Geberit does all it can to minimise this risk and requires that business partners and suppliers comply with comprehensive standards. See → **Sustainability strategy**, → **Management Approach Procurement**
- The Code of Conduct for Suppliers is intended to ensure that Geberit's suppliers act in accordance with internal and external guidelines, such as the UN Guiding Principles on Business and Human Rights and the ILO core labour standards. As of the end of 2020, a total of 2,098 suppliers had signed the Code of Conduct. This equates to over 90% of the total procurement value. In 2020, 179 existing suppliers were identified in the highest risk category as defined by Geberit, which corresponds to around 7% of the procurement value of Geberit. A systematic planning and performance of audits is conducted for these suppliers. To ensure neutrality and the expertise required for the audits, Geberit also works with an external partner. This is an important contribution to ensuring compliance with the duty of care in the supply chain at Geberit. See → **Code of Conduct for Suppliers**, → **Management Approach Procurement**
- In 2020, five third-party audits were carried out at suppliers in China and Ukraine. The results showed that the majority of obligations set out in the Code of Conduct for Suppliers are complied with. Appropriate corrective measures were agreed in cases of non-compliance. See → **GRI 308-2**, → **GRI 414-2**

Labour practices

Principle 3:

Uphold the freedom of association and the effective recognition of the right to collective bargaining

- No rights with respect to exercising the freedom of association or collective bargaining as defined in the ILO core labour standards are subject to restriction at the Geberit Group. This is verified annually as part of a Group-wide survey. No restrictions were in effect in 2020. See → **GRI 407**
- There are currently 8,483 employees (corresponding to 71% of the workforce) who are covered by collective agreements (e.g. collective labour agreements, wage agreements). In Germany, Austria, Switzerland, France, Italy, Finland, Sweden, Poland and Ukraine, over 90% of employees are subject to a collective labour or wage agreement. There are no collective agreements with employees in place in the USA and China. See → **GRI 102-41**

Principle 4:

Uphold the elimination of all forms of forced and compulsory labour

- Geberit's exposure with respect to forced and child labour is considered low because of its industry, business model, the countries in which business activities are carried out, as well as its high level of vertical integration and high quality requirements. See → **GRI 408**, → **GRI 409**
- Geberit categorically rejects all forms of forced and child labour. According to the annual Group-wide survey, no cases of forced and compulsory or child labour were discovered in 2020, nor were any cases revealed during the course of the audits performed among the suppliers. The basic principles established in the Code of Conduct for Suppliers expressly include compliance with the ILO core labour standards for the exclusion of forced and child labour. See → **GRI 408** → **GRI 409**

Principle 5:

Uphold the effective abolition of child labour

- The Geberit Code of Conduct clearly specifies how employees are to behave and how Geberit assumes responsibility as an employer in order to counteract discrimination in adherence with the ILO core labour standards. According to the annual Group-wide survey, there were two cases of verbal sexual harassment revealed in 2020, and these were both investigated. In one case, the accused person received an official warning under applicable labour law; in the other, the accused person has since left the company. There was also one case of workplace bullying, which was investigated. The accused person has also since left the company. See → **GRI 406-1**

Principle 6:

Uphold the elimination of discrimination in respect of employment and occupation

- Geberit's personnel policy and recruitment practices do not differentiate between members of the local community and other applicants or employees. See → **GRI 202**, → **GRI 406**
- Protection of the principles of equality is anchored in the Geberit Code of Conduct. This includes the prohibition of discrimination against any employee on the basis of gender. Fair and equal pay for men and women is a matter of course at Geberit, as was verified and documented in 2020 as part of the annual Group-wide survey. The proportion of female employees as of the end of 2020 was 24%; in management this figure was 11%. See → **GRI 405**, → **Geberit Code of Conduct**

Environmental protection

Principle 7:

Support a precautionary approach to environmental challenges

- With the precautionary approach in mind, the Audit Committee of the Board of Directors operates an extensive system for monitoring and controlling the risks (including environmental risks) linked to the business activities. See → **GRI 102-11**
- Since 1990, Geberit has followed a long-term environmental strategy, plus a sustainability strategy that was developed later. It has been committed to environmentally friendly, resource-efficient production as well as to the development of water-saving and sustainable products. This is also defined as a management principle in the Geberit Compass. Environmental criteria are considered in all decision-making processes. A demonstrably high standard is achieved in this regard, one which often exceeds statutory requirements. See → **Geberit Compass**, → **Environmental policy**
- The carbon footprint – from the provision of raw materials, combustibles and fuels, the manufacture of products at Geberit, logistics and use, right through to disposal – reveals that product use (70.1%) and the provision of raw materials (16.0%) are by far the largest sources of CO₂ emissions. See → **Carbon footprint**
- In 2020, CO₂ emissions amounted to 206,553 tonnes, corresponding to a decrease of 7.2%. CO₂ emissions per net sales (currency-adjusted) fell by 8.4%, meaning that Geberit exceeded its target of 5% per year. See → **GRI 305-2**
- A long-term CO₂ target was defined in 2016 that is compatible with the two-degree target set out in the Paris Agreement and the Science Based Targets Initiative. Within this context, Geberit planned to reduce its absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth). This target was already achieved in 2018. Further goals for reducing CO₂ emissions will be defined and communicated in 2021 for the next period. See → **GRI 305**

Principle 8:

Undertake initiatives to promote greater environmental responsibility

- The Geberit Group has a Group certificate in accordance with ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational health and safety) that is valid until 2021. The annual preparation of a corporate eco-balance has been an established part of Geberit's environmental management since 1991. The absolute environmental impact was reduced by 8.9% in 2020. The environmental impact per net sales (currency-adjusted) dropped by 10.1%, meaning that Geberit clearly exceeded its target of 5% per year. This progress is founded largely on continuous improvements in efficiency at the energy-intensive ceramics plants and on targeted purchasing of green electricity. Since the acquisition of Sanitec in 2015, the absolute environmental impact has been reduced by 22.5% and eco-efficiency increased by 34.8%. See → **ISO certificate**, → **Chapter 9 Planet**, → **Sustainability strategy**
- Geberit places its faith in energy saving and energy efficiency: in addition to process optimisation – particularly in the newly acquired plants – important measures include the continuous modernisation of the infrastructure and machine fleet, the optimisation of the kilns used for ceramic production, the improved use of waste heat (heat recovery) as well as the careful use of compressed air. See → **GRI 302-4**
- As part of the long-term CO₂ strategy, specific goals for the share of renewable energy sources by 2021 were also established: 45% for electricity and 10% for combustibles. The purchased green electricity increased by 15 GWh to 68 GWh in 2020. In total, renewable energy sources now account for 46.1% of electricity, meaning that the target was met ahead of schedule. Renewable energy sources account for 4.5% of combustibles. See → **GRI 305-5**
- Beginning with the development process, the most environmentally friendly materials and functional principles are used, risks are minimised and high resource efficiency is pursued. Eco-design has been an integral part of the development processes since 2007 and has already been adopted in more than 150 development projects. Eco-design is also implemented in product modifications and technology projects. Every new product is to be better than its predecessor with respect to environmental aspects. See → **Chapter 10.1 Products and innovation**

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies

- The water footprint throughout the Geberit value chain shows that nearly 100% of the water consumption is attributable to the use of Geberit products by customers. Water-saving solutions can therefore exert a major impact: all dual-flush and flush-stop cisterns produced since 1998 saved around 3,350 million m³ of water in 2020 alone. See → **SDG Reporting**, → **Water footprint**
- Geberit supports the economical use of water in the sanitary industry and contributed to the establishment of the European Bathroom Forum (EBF) in 2017. One of the first tasks was the launch of a new European water label as a voluntary and flexible instrument to support customers in the selection of resource-efficient products. See → **Chapter 10.1 Products and innovation**
- Green building is a market of the future experiencing strong growth throughout the world. As a leading system provider of sanitary solutions, Geberit is already offering suitable products for this purpose. See → **Reference magazine**

Anti-corruption

Principle 10:

Work against corruption in all its forms, including extortion and bribery

- As a long-term member of Transparency International Switzerland, Geberit is committed to high standards in combating corruption. In addition to the Code of Conduct, there are additional guidelines on prevention and employees receive training in this area. See → **GRI 205**
- In 2020, the Internal Audit Department audited a total of 23 companies and did not discover any cases of corruption.
- Since 2017, an Integrity Line has been available to suppliers for anonymously reporting irregularities in the procurement process. No cases were reported in the reporting year. See → **GRI 102-17**
- As a rule, Geberit does not make donations to parties or politicians. All donations are neutral from a party political point of view. This was verified and documented as part of the annual Group-wide survey.