

# Sus- tain- ability

**Geberit Group 2014**

# Sustainability Performance Report

Geberit's sustainability reporting for the 2014 financial year is fully integrated in the online Annual Report, as it has been for some years. The company's systematic and transparent communication on the subject of sustainability is addressed to a range of target groups, including customers and partners, investors, the general public and company employees. To this end, information is made available at different levels:

- [→ CEO Statement on sustainability](#)
- Current [→ Highlights sustainability](#) and [→ Highlights 2013](#)
- Business and financial review, as part of the Annual Report integrated into the chapters [→ Employees](#), [→ Customers](#), [→ Innovation](#), [→ Logistics and procurement](#), [→ Sustainability](#), [→ Compliance](#) und [→ Social engagement](#)
- [→ Sustainability Strategy](#) with objectives, measures and results
- [→ Materiality analysis on sustainability](#)
- [→ Key figures sustainability](#)
- [→ Communication on Progress UN Global Compact](#)

Since 2007, a sustainability performance report has been published annually in accordance with the guidelines of the Global Reporting Initiative (GRI). In this regard, the switch from the GRI G3 to the new GRI G4 guidelines was made in 2014.

The information disclosed within the scope of this report fulfills the "comprehensive" transparency grade set out in the GRI G4 guidelines, as has been verified by GRI, see [→ formal GRI Index](#). The Report is available in German and English. The German version is binding.

As prescribed by GRI, a [→ process to determine the material aspects of sustainability](#) based on the aspects defined by GRI was the strategic starting point. An external stakeholder panel was consulted in September 2014. This was the second such consultation following the first in 2012. Its mandate consisted of scrutinizing the results of the internal materiality analysis and providing feedback on the sustainability strategy and sustainability communication. The results are summarized in a panel statement. The response from Geberit to the panel statement illustrates how the recommendations are being taken into consideration in the further development of the sustainability strategy and reporting.

- [→ Introduction to the Stakeholder Panel](#)
- [→ Members of the Stakeholder Panel](#)
- [→ Panel Statement](#)
- [→ Response from Geberit to the Panel statement](#)

# CEO statement on sustainability



**"Sustainability has been demonstrably lived at Geberit for over 20 years. I will go all out to ensure that we continue to build on our position as pioneers in the industry."**

**Christian Buhl, CEO**

A sustainable corporate culture makes it possible to increase the value of the company over the long term and minimize risks for its future development. This approach has shaped Geberit for a long time. In my new role as CEO, I will give it my all to ensure the continued implementation of our sustainability strategy. We also receive outside support in this regard. The stakeholder panel made up of experts confirms our great efforts in setting standards in the area of sustainability. The materiality analysis compiled as part of the first implementation of the G4 guidelines of the Global Reporting Initiative (GRI) shows the key topics for our further development, which are highly in line with our strategy.

## Water conservation as a major contribution

Discussions on the content of the new UN Sustainable Development Goals show that water management is a key issue for sustainable development. The biggest environmental contribution by Geberit products also lies in the conservation of water. In the product classification system WELL (Water Efficiency Label) for water-saving and resource-saving products introduced by the industry in 2011, eight Geberit product groups are already in the highest classification class A. These product groups account for over 20% of Group sales. In the coming years, we will aim to continue to set standards in water conservation when developing new products.

## Solutions in green building

The demand for system solutions for green building is continually growing. European and international standards are defining the framework conditions and new standards are setting out the basic rules for environmental declarations for individual products and systems in buildings. Investors, project developers, owners and tenants are looking for system providers with holistic know-how regarding green building that can contribute to the respective desired standards being fulfilled in a targeted manner. This is opening up a future market with major potential in which Geberit is present with water-saving, energy-saving, low-noise and durable products, and one in which Geberit specifically positions itself as a provider for green building.

## Leading production standards

All production sites and logistics as a whole work with an integrated management system in accordance with ISO 9001 and ISO 14001. By mid-2016, all plants will also integrate the OHSAS 18001 standard for occupational health and safety management and individual sites will integrate the ISO 50001 standard for energy management. The first sites such as Lichtenstein already set international standards in 2014 with the certification of a fully integrated management system for quality, environment, energy and occupational health and safety. Areas with potential for improvement are thus tackled and very good results achieved in the area of quality, resource efficiency and occupational safety. In 2014, the culmination of a wide range of measures resulted in a drop of 7.5% in the overall environmental impact per sales (currency-adjusted), which was calculated as part of the corporate eco-balance.

## Social responsibility as a solid foundation

More than 6,200 employees worldwide appreciate their outstanding working conditions and high level of training. With this in mind, the standardized global performance assessment, development and compensation process (PDC) started in 2012 was continued. Our goal here is to reinforce a culture of cooperation, increase transparency and better recognize and promote talent than has been done to date. The health and safety of employees has the highest priority and is a core element of our corporate culture. Geberit realizes its corporate social responsibility within the scope of global social projects relating to the topic of water and sanitary facilities, as well as in cooperation with partners.

## Acquisition of Sanitec

With the acquisition of Sanitec, our product range will become even more comprehensive and attractive. Throughout the process of integrating Sanitec, we will aim to maintain our high sustainability standards throughout the entire company and develop them further over the medium term.

## Statement of continued support for the UN Global Compact

Geberit has been a member of the UN Global Compact since October 2008 as a sustainability leader in the area of environmental protection, responsible labor practices, human rights and the prevention of corruption. We provide customers, employees, investors and other stakeholders with information on our sustainability goals and performances in a transparent manner. Since 2007, our sustainability reporting has been based on the implementation of the GRI guidelines in their most comprehensive form. The Communication on Progress UN Global Compact (COP) on the financial year 2014 can be found at → [www.geberit.com](http://www.geberit.com) > Sustainability > UN Global Compact.

Christian Buhl, CEO

# Sustainability strategy

Sustainability means meeting today's needs without limiting the options and resources available to future generations. Specifically, the objective is to combine economic growth and long-term business success with environmentally friendly action and social commitment.

The "Sustainability landscape" groups the sustainability modules into four areas: Procurement and Logistics, Production, People and Products. The modules bundle current or future projects, initiatives or activities that aim to make a substantial contribution to sustainability. Each module contains clear responsibilities with measurable objectives, derived measures and quantified key figures for effective monitoring.



The following pages provide an overview of the sustainability modules with important facts and achievements for 2014 as well as the outlook for 2015 to 2016.

The current sustainability strategy is based on the situation at the end of 2014 and does not yet include the integration of Sanitec. There are to be no changes to the fundamental focus and positioning of Geberit in the area of sustainability. The adaptation of the strategy to the new conditions will be drawn up by the end of 2015.

## Procurement & Logistics

### Modules and goals

### Important Facts and Achievements 2014

### Outlook 2015 – 2016

#### Green Procurement

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

- As of the end of 2014, 728 suppliers have signed the Code of Conduct for Suppliers (previous year 701 suppliers). This equates to over 95% of the total procurement value (previous year 95%), thereby meeting the target value of 95% for 2014. Among the top 200 suppliers, the share of companies that have signed is 98.3% (previous year 99%).
- 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 risk class in particular. When a purchaser from Geberit next visits a supplier, he checks 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 39 suppliers (previous year 40), which is less than 5% of the total procurement value. 29 of these 39 suppliers have already been audited.
- Third-party audits were carried out at suppliers in China for the third time in 2014: three successful re-audits to check corrective measures and four audits at other suppliers. Corrective measures were required in one case due to inadequate remuneration.

- All new suppliers have to sign the Code of Conduct.
- Following positive experiences, 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 are to be analyzed using a database-supported method.

#### Green Logistics

Geberit optimizes 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 boundaries were maintained compared to the previous year.
- In 2014, the transport service providers handled 181.0 million ton-kilometers (previous year 176.6 million ton-kilometers) resulting in 28,282 metric tons of CO<sub>2</sub> emissions (previous year 27,483 metric tons).
- At 83%, the share handled by Euro 5 trucks remained high (previous year 87%). The share of state-of-the-art Euro 6 vehicles came to 8.4% (previous year 2.5%).
- Compared to the previous year, the number of mega-trailer trips between the production sites increased by 30 trips to a total of 2,180 in 2014. The use of mega-trailers enhances efficiency, as they can carry a load that is around 15% greater or 50% more pallets.
- The pilot project with a natural gas truck running on the cross-border round trip between Rapperswil-Jona (CH) and Pfullendorf (DE) that commenced at the end of 2013 is running without any problems of note.

- Continuation of the environmental monitoring and formulation of suitable measures in close collaboration with the transport service providers.
- Increased use of mega-trailers and optimization of loading capacity with technical equipment and organizational changes.
- Discontinuation of Euro 1, Euro 2 and Euro 3 trucks and more intensive use of Euro 6 trucks
- Review of use of trucks with alternative drive technologies on further routes.
- Certification of the logistics center in Pfullendorf (DE) according to OHSAS 18001 by mid-2015.

Production

Modules and goals

Important Facts and Achievements 2014

Outlook 2015 – 2016

**Environmental management**

Geberit operates environmentally friendly, energy- and resource-efficient as well as economical production plants.

- The absolute environmental impact declined by 1.6% in 2014. The environmental impact per sales (currency-adjusted) dropped by 7.5%. Relative water consumption decreased by 6.5%. Given that the long-term target is 5% per year, Geberit is on track with both these figures.
- All production plants (with the exception of India) and logistics are certified to ISO 14001 and ISO 9001, and the Group certificate is valid until 2015.
- Continued roll-out of the integrated Geberit management system for quality, environment, safety and energy (selective) at all plants.
- First certification of the production sites in Pfullendorf, Langenfeld and Lichtenstein (DE) to ISO 50001 (energy management).

- Further improvement of eco-efficiency: The environmental impact per sales (currency-adjusted) is to be improved by 5% per year on average.
- Same improvement in relative water consumption as for eco-efficiency, i.e. 5% per year on average.
- First certification of new production company in India to ISO 9001/14001 and OHSAS 18001 by the end of 2015.
- Further certifications to ISO 50001 at selected locations.

**CO<sub>2</sub> strategy**

Geberit actively contributes to the protection of the climate and consistently reduces CO<sub>2</sub> emissions.

- In 2014, CO<sub>2</sub> emissions dropped by 1.0% to 69,230 metric tons (previous year 69,909 metric tons). CO<sub>2</sub> emissions per sales (currency-adjusted) declined by 6.9%. This confirms that Geberit is on track with its long-term CO<sub>2</sub> strategy.
- The share of additionally purchased green electricity increased by 2.4 GWh to 23.4 GWh in 2014. In total, the share of renewable electricity accounted for 37.4%.
- 3.7 GWh of green electricity was produced in 2014 – 0.5 GWh from the PV installation in Givisiez (CH) and 3.2 GWh from the block heating station in Pfullendorf (DE).
- CO<sub>2</sub> emissions caused by air travel amounted to 711 metric tons (previous year 663 metric tons).
- The implementation of the energy master plan and the measures to save energy and enhance energy efficiency focused on eight production sites.

- Further implementation of the CO<sub>2</sub> strategy: reduction of relative CO<sub>2</sub> emissions by 5% per year on average.
- Long-term objective: Reduction of absolute CO<sub>2</sub> emissions (scope 1 and 2) by 20% by 2020 to less than 46,000 metric tons compared with the base year 2000 (based on organic growth).
- Increase in share of additionally purchased green electricity in 2015 by another 3 GWh and expansion of share of renewable electricity to 60% by 2020.
- Increase in share of combustibles from renewable sources to 25% by 2020.
- Continuation of the fuel-reduction plan: Reduce emissions of new vehicles to 100 grams of CO<sub>2</sub>/km by 2020.

**Infrastructure**

Geberit procures and operates durable and high-quality infrastructures such as buildings, equipment and tools.

- Construction and commissioning of new production plant in Slovenia with the highest energy standards and operation without fossil fuels.
- Roll-out of Geberit Production System (GPS) 2.0 commences. Consistent best-practice approach saves resources and reduces waste.
- Number of injection molding machines with energy-efficient drive technology increased from 94 to 109.
- Implementation of central material distribution with integrated “preheating of granulate” in Pfullendorf (DE) to use freely available waste heat, with annual electricity savings of around 0.6 GWh.

- Consistent renewal of injection molding and blow molding machine fleet with energy-efficient technology. Further increase in the number of injection molding machines with energy-efficient drive technology (hybrid, fully electrical, standby) from 109 to 134 machines.
- Process optimization for the manufacture of the Mepla multilayer pipe in Givisiez (CH) with a reduction in water and natural gas consumption of around 50% from 2015.
- Review of the feasibility of the “preheating of granulate” concept in other plants.

**Occupational safety**

Geberit operates safe production plants and promotes a safety culture at a high level.

- 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) dropped by 5.9% to 9.6 in 2014 (previous year 10.2). The accident severity rate (ASR) increased by 5.0% to 130.5 (previous year 124.3). Geberit is thus not yet fully on track to meet its targets.

- Long-term objective: AFR and ASR to be reduced by 50% between 2010 and 2020, targets AFR = 7 and ASR = 80.
- Integration of the Geberit Safety System into Geberit’s management system and certification of all production plants to OHSAS 18001 by mid-2016.

People

Modules and goals	Important Facts and Achievements 2014	Outlook 2015 – 2016
<p><b>Code of Conduct</b></p> <p>Geberit complies with all national and international laws.</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"> <li>■ The Geberit Code of Conduct dating from 2007 has been revised in terms of content and takes into account the UN Guiding Principles on Business and Human Rights.</li> <li>■ Compliance with the Code of Conduct has been checked with a binding Group-wide survey every year since 2008. In addition to comprehensive reporting, 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 in 2014.</li> <li>■ Initial review of the compliance organization at Geberit by the Internal Audit Department and an external partner.</li> <li>■ No significant incidents were reported in 2014 via the “Geberit Integrity Line” launched in 2013. The few registered complaints were all dealt with and issues were settled swiftly.</li> <li>■ 12 seminars on antitrust legislation for employees from the German sales company focusing on Internet sales. Training of management in Austria on antitrust legislation.</li> </ul>	<ul style="list-style-type: none"> <li>■ Further promotion of the “Geberit Integrity Line” and the Geberit Compliance System.</li> <li>■ Roll-out of the new Geberit Code of Conduct in 2015.</li> <li>■ Development and roll-out of a Code of Conduct for Geberit sales partners at locations where Geberit is not represented with its own sales companies.</li> <li>■ Compliance-related review of specific sales partners.</li> <li>■ Continuation of training in antitrust legislation via e-learning at sites in Europe in 2015.</li> <li>■ Revision of the guidelines on donations and translation into all languages relevant for Geberit, plus a renewed survey of the practice regarding donations at all Geberit companies.</li> <li>■ Revision of compliance guideline pertaining to antitrust legislation.</li> </ul>
<p><b>Employer responsibility</b></p> <p>Geberit is committed to providing attractive jobs.</p> <p>Geberit supports disadvantaged employees and apprentices.</p>	<ul style="list-style-type: none"> <li>■ Expansion of the standardized global performance assessment, development and compensation process (PDC). 1,250 employees were integrated at the end of 2014.</li> <li>■ Conclusion of management course tailored to the needs of Group management at the IMD in Lausanne (CH).</li> <li>■ In 2014, Geberit employed 232 apprentices. The transfer rate to a permanent employment relationship was 82%. A concept for cross-border apprenticeships and the promotion of international deployment of apprentices was implemented.</li> <li>■ In 2014, the Geberit production plants supported a number of workshops for disabled persons where simple assembly and packaging work in the amount of CHF 5.5 million was carried out.</li> </ul>	<ul style="list-style-type: none"> <li>■ Continued roll-out of the performance assessment, development and compensation process (PDC).</li> <li>■ Targeted support for transfer of apprentices to a permanent position: Target rate is 75%.</li> <li>■ Next Group-wide employee survey planned for 2015 or 2016.</li> <li>■ Conducting of a volunteering project with Geberit employees in cooperation with Helvetas in Nepal.</li> </ul>
<p><b>Social engagement</b></p> <p>Geberit fulfills social responsibilities in society.</p>	<ul style="list-style-type: none"> <li>■ Geberit employees did around 2,770 hours of charitable work on social projects.</li> <li>■ Continuation of the partnership with Helvetas on the topic of drinking water and sanitary facilities in developing countries.</li> <li>■ Financial support of the “LIV Village” project for orphans in South Africa.</li> <li>■ Social project carried out in Varanasi (IN) with apprentices. Renovation of sanitary facilities in a village for disabled children and volunteering work with affected children.</li> <li>■ Review of the effectiveness of social projects reveals good results.</li> <li>■ Good overall ranking in the “GemeinwohlAtlas der Schweiz” (Common Good Atlas of Switzerland), which was published for the first time and measures the contribution of companies to the common good of society.</li> </ul>	<ul style="list-style-type: none"> <li>■ Continuation of the partnership with Helvetas. Access to safe drinking water and sanitary facilities for people in developing countries.</li> <li>■ Review of the effectiveness of social projects two to three years after their implementation.</li> </ul>

## Products

Modules and goals	Important Facts and Achievements 2014	Outlook 2015 – 2016
<p><b>Eco-design</b></p> <p>During the development process, all Geberit products are optimized with regard to their environmental friendliness, resource efficiency and durability.</p> <p>Environmental aspects are already considered during technology development.</p>	<ul style="list-style-type: none"> <li>■ 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.</li> <li>■ The successful continuation of this approach in 2014 resulted in a number of ecologic improvements to products, such as               <ul style="list-style-type: none"> <li>- AquaClean Mera complete shower toilet solution: newly developed WhirlSpray shower technology reduces water and energy consumption while improving cleaning performance, unchanged energy consumption despite more comfort functions, reduction of flush volume to 4.5 liters thanks to TurboFlush flush technology</li> <li>- Omega flushing system with extra-small actuator plates and three installation heights as well as reduced flush volume, WELL A-class</li> <li>- Resource optimization for Mepla gunmetal fittings with annual savings of over 30 metric tons</li> <li>- OEM flush valve with enhanced hydraulic performance, lower resource consumption and over 50% share of high-quality ABS regranulate</li> </ul> </li> <li>■ Comprehensive product life cycle assessment of AquaClean Mera Comfort, including creation of an Environmental Product Declaration (EPD).</li> <li>■ Continuation of pilot project for the systematic recording of environmental data at the product level as the basis for creating product life cycle assessments and EPDs.</li> </ul>	<ul style="list-style-type: none"> <li>■ Systematic continuation of eco-design work-shops for product development.</li> <li>■ Creation of additional Environmental Product Declarations (EPD) in accordance with the new European standard EN 15804.</li> <li>■ Expansion of the “green building” product portfolio.</li> </ul>
<p><b>Green building</b></p> <p>Geberit has in-depth expertise in the fields of water conservation, quality of drinking water, sound insulation and green building.</p> <p>Geberit is the leading partner in the planning and implementation of first-class sanitary solutions for green buildings.</p>	<ul style="list-style-type: none"> <li>■ 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.</li> <li>■ Member of various “green building” associations in CH, DE, ES, USA, ZA and AU.</li> <li>■ Nine Geberit product groups – a total of over 480 sales products – carry the water efficiency label WELL. Since 2013, the labels have been displayed on all packaging and documented in catalogs. Eight of these nine product groups carry a class A label and contribute over 20% to the Group’s sales.</li> <li>■ In-depth expertise in the area of (enhanced) sound insulation is used to optimize the products and systems, as well as to improve the quality of life of residents and further increase their awareness.</li> <li>■ Participation at the round table for cooperation in the value chain in green building activities.</li> <li>■ Substantial contribution to the ETH Foundation Zurich (CH) for green building activities.</li> </ul>	<ul style="list-style-type: none"> <li>■ Expansion of the “green building” product portfolio and internal expertise.</li> <li>■ Targeted search for green building reference projects in the European core markets and the Asia/Pacific region.</li> <li>■ Support of the NEST project (Next Evolution in Sustainable Building Technologies) at EMPA in Dübendorf (CH).</li> </ul>



# Materiality analysis

A comprehensive materiality analysis was performed as part of the new GRI-G4 guidelines. The results are shown in the following dynamic chart. Material aspects are deemed material if they are significant from the internal perspective of the company or the external perspective of stakeholders. The aspects were divided into four categories: most material, material, less material and not material or not requiring any action.

	Less material	Material	Most material
<b>Economy</b>	- Market Presence	- Indirect Economic Impacts	- Economic Performance
<b>Environment</b>	- Effluents and Waste	- Materials - Emissions - Compliance Environment - Transport	- Energy - Water - Products and Services
<b>Labor Practices</b>	- Diversity and Equal Opportunity - Equal Remuneration for Women and Men - Labor Practices Grievance Mechanisms	- Employment	- Occupational Health and Safety - Training and Education
<b>Human Rights</b>	- Investments - Non-discrimination - Freedom of Association and Collective Bargaining - Human Rights Assessment	- Child Labor - Forced or Compulsory Labor	
<b>Society</b>		- Anti-Corruption - Compliance	- Anticompetitive Behaviour
<b>Product Responsibility</b>		- Product and Service Labeling - Compliance Product Responsibility	- Customer Health and Safety
<b>Suppliers</b>	- Supplier Assessment for Impacts on Society - Supplier Environmental Assessment - Supplier Assessment for Labor Practices	- Supplier Human Rights Assessment	

## The following aspects were identified as not material or as not requiring any action:

<b>Biodiversity</b>	Geberit production sites do not endanger biodiversity in protected areas. The production and disposal of Geberit products do not pose any special danger to biodiversity.
<b>Investments Environment</b>	Geberit plans holistically and integrates the aspect of environmental protection in the development of its products and production sites. In the context of integrated, sustainable planning, it makes no sense for Geberit to report investments in environmental protection separately.
<b>Environmental Grievance Mechanisms</b>	Any risks or problems cited by stakeholders are addressed and resolved directly. Formal grievance mechanisms are not relevant for Geberit.
<b>Labor/Management Relations</b>	Geberit cultivates transparent internal communication and a close dialog between employees and management. These efforts are supported by the company's years of good economic development. There are no formally binding agreements on communication in case of severe measures.
<b>Security Practices</b>	Geberit is not active in any countries where special security precautions have to be taken.
<b>Indigenous Rights</b>	Geberit is not active in any countries or regions where the rights of indigenous people are endangered.
<b>Human Rights Grievance Mechanisms</b>	The risks of human rights violations by Geberit are low in general. Any risks or problems cited by stakeholders are addressed and resolved directly. Formal grievance mechanisms are not relevant for Geberit.
<b>Local Communities</b>	Geberit production sites do not entail special risks for local communities or adverse effects on the neighborhood. As a good corporate citizen, Geberit cultivates good relations with its neighbors.
<b>Public Policy</b>	No support is given to political parties or politicians. Participation in the political process is confined to membership in certain associations and is therefore limited.
<b>Social Grievance Mechanisms</b>	Any risks or problems cited by stakeholders are addressed and resolved directly. Formal grievance mechanisms are not relevant for Geberit.
<b>Marketing Communications</b>	Owing to its marketing strategy, Geberit is not exposed to risks from aggressive advertising or marketing. All external means of communication are checked for correctness and appropriateness.
<b>Customer Privacy</b>	Geberit does not possess sensitive data on end users. Data on customers and end users are safeguarded as required by statutory requirements.
<b>Procurement Practices</b>	Collaboration with local suppliers has no strategic significance for Geberit. Criteria such as reliability and price, quality and sustainability etc. are material, whereas the supplier's proximity to the production site is not (except in a handful of individual cases). As a result, there is no preferential treatment of local suppliers or special criteria for them. For comprehensive information on the subject of the supply chain, see -->Suppliers

## Communication on Progress UN Global Compact (COP) on 2014

Additional information is available in the referenced documents and the GRI indicators of the Sustainability Performance Report.

Human rights		
<p><b>Principle 1:</b> Support and respect the protection of internationally proclaimed human rights.</p>	<ul style="list-style-type: none"> <li>When selecting employees and determining their assignment in the company, Geberit attaches great importance to qualifications appropriate to the task description. Applicable local minimum wages are well met. This considerably reduces the risk of human rights violations.</li> <li>In its Code of Conduct updated in 2014, Geberit undertakes to be an exemplary, reliable and fair business partner and employer at all times for all of the people with whom it has dealings. As a fair partner, Geberit recognizes local, national and international laws as well as the UN Guiding Principles on Business and Human Rights, and complies with them in full.</li> <li>Approximately 98% of all employees were trained in the Code of Conduct in 2008. Since then, new employees receive their training in the Code as part of their job orientation. The "Geberit Integrity Line" was launched in 2013 and gives all employees the opportunity to report irregularities anonymously. There were no significant incidents in 2014.</li> <li>Compliance with the Code of Conduct is monitored as part of an annual, binding Group-wide survey. Verification is supplemented by internal audits on site. No significant breaches of the Code of Conduct were identified in 2014.</li> </ul>	<p>→ G4-EC5</p> <p>→ Code of Conduct for employees</p> <p>→ G4-HR2</p> <p>→ G4-SO4</p> <p>→ Society</p>
<p><b>Principle 2:</b> Make sure the company is not complicit in human rights abuses.</p>	<ul style="list-style-type: none"> <li>With respect to human rights violations, the greatest risk for Geberit lies with suppliers, who can be influenced only indirectly. Geberit does all it can to minimize this risk and requires that and suppliers comply with comprehensive standards.</li> <li>The Code of Conduct for Suppliers is intended to ensure that Geberit's suppliers act in accordance with internal and external guidelines, as well as the UN Guiding Principles on Business and Human Rights and the ILO core labor standards. As of the end of 2014, 728 suppliers had signed the Code of Conduct. This equates to over 95% of the total procurement value.</li> <li>Audits focusing on sustainability are performed primarily on suppliers in the highest risk category. 39 suppliers, which equates to less than 5% of the total procurement value, are classified in this category. 29 of these 39 suppliers have already been audited. Four third-party audits were carried out at suppliers in China in 2014. A shortcoming due to inadequate remuneration was uncovered in one case and corrective measures were imposed.</li> </ul>	<p>→ Sustainability Strategy</p> <p>→ Code of Conduct for suppliers</p> <p>→ Suppliers, chapter 14.2</p>
Labor practices		
<p><b>Principle 3:</b> Uphold the freedom of association and the effective recognition of the right to collective bargaining.</p>	<ul style="list-style-type: none"> <li>No rights with respect to exercising freedom of association or collective bargaining as defined in the ILO core labor standards are subject to restriction at the Geberit Group. This is verified annually as part of a binding Group-wide survey. No restrictions were in effect in 2014.</li> <li>Approximately 4,200 employees, and thus around two-thirds of all employees, are currently covered by collective agreements. Above all in Germany, Austria and Switzerland, over 95% of employees in production companies are governed by a collective labor or wage agreement. There are no collective agreements with employees in the USA and China.</li> </ul>	<p>→ Chapter 11.3</p> <p>→ G4-11</p>
<p><b>Principle 4:</b> Uphold the elimination of all forms of forced and compulsory labor.</p> <p><b>Principle 5:</b> Uphold the effective abolition of child labor.</p>	<ul style="list-style-type: none"> <li>Geberit's exposure with respect to forced and child labor is considered low because of its industry sector and the countries in which business activities are carried out, as well as its high quality requirements.</li> <li>Forced and child labor are categorically rejected at Geberit. According to the annual, binding Group-wide survey, no cases of forced or child labor were discovered in 2014, 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 labor standards for the exclusion of forced and child labor.</li> </ul>	<p>→ Chapter 11.4</p> <p>→ Chapter 11.5</p>
<p><b>Principle 6:</b> Uphold the elimination of discrimination in respect of employment and occupation.</p>	<ul style="list-style-type: none"> <li>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 labor standards. There was one case of sexual harassment in the reporting year 2014 that was settled amicably with the parties concerned.</li> <li>Geberit has no personnel policy or employment practices providing for preferential treatment of persons from local vicinities.</li> <li>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 2014 as part of the annual, binding Group-wide survey. The proportion of female employees as of the end of 2014 was 31%; in management this figure was 6.9%.</li> </ul>	<p>→ Code of Conduct for employees</p> <p>→ Chapter 11.2</p> <p>→ Chapter 10.4, 10.5</p>

Environmental protection		
<p><b>Principle 7:</b> Support a precautionary approach to environmental challenges.</p>	<ul style="list-style-type: none"> <li>• With the precautionary approach in mind, the Audit Committee of the Board of Directors has implemented an extensive system for monitoring and controlling the risks (incl. environmental risks) linked to the business activities.</li> <li>• Geberit has long stood for a high level of environmental awareness and been committed to environmentally friendly, resource-efficient production as well as to the development of water-saving and sustainable products. Environmental criteria are considered in all decision-making processes. A demonstrably high standard is achieved in this regard, one which often greatly exceeds statutory requirements.</li> <li>• An analysis of the CO<sub>2</sub> footprint over the entire value chain – from the provision of raw materials, the manufacturing of products at Geberit, logistics and use, right through to disposal – reveals that product use (66%) and the provision of raw materials (22%) are by far the largest sources of CO<sub>2</sub> emissions.</li> <li>• Manufacture of the products by Geberit accounts for only 3% of total CO<sub>2</sub> emissions. In absolute terms, CO<sub>2</sub> emissions (Scope 1 and 2) decreased by 1% to 69,230 metric tons in 2014. The CO<sub>2</sub> emissions per sales (currency-adjusted) improved by 6.9%. This confirms that Geberit is on track with its long-term CO<sub>2</sub> strategy.</li> </ul>	<p>→ G4-46</p> <p>→ Code of Conduct for employees</p> <p>→ CO2 footprint</p> <p>→ G4-EC2</p> <p>→ Chapter 9.4</p>
<p><b>Principle 8:</b> Undertake initiatives to promote greater environmental responsibility.</p>	<ul style="list-style-type: none"> <li>• All production sites and logistics as a whole work with an integrated management system and have a group certificate in accordance with ISO 9001 (quality) and ISO 14001 (environment). The annual preparation of corporate eco-balances has been an established part of Geberit's environmental strategy since 1991. The absolute environmental impact decreased by 1.6% in 2014. The environmental impact per sales (currency-adjusted) has improved by 7.5% and exceeded the target figure of 5%.</li> <li>• Geberit places its faith in energy saving and energy efficiency: In addition to the continuous modernization of the machine fleet, important measures include increasing the capacity utilization and efficiency of production equipment, the optimization of cooling plants through the use of natural ambient cold (free cooling, ground water), the improved use of waste heat (heat recovery) as well as the careful use of compressed air. Following on from Lichtenstein (DE), the Pfullendorf (DE) and Langenfeld (DE) plants were also certified according to the ISO 50001 standard for energy management for the first time in 2014.</li> <li>• The share of purchased green electricity increased from 21 GWh to 23.4 GWh in 2014. In total, renewable energy sources accounted for 37.4% of electricity (target figure for 2020: 60%). Renewable energy sources already accounted for 19% of combustibles in 2014 (target figure for 2020: 25%).</li> <li>• Thanks to saving measures, fresh water consumption has been reduced by almost 39% since 2006 and is leveling out at a low level.</li> <li>• Geberit regards eco-design as the key to environmentally friendly products. Beginning with the development process, the most environmentally friendly materials and functional principles are used, risks are minimized and high resource efficiency is pursued. 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.</li> </ul>	<p>→ Chapter 9</p> <p>→ Sustainability Strategy</p> <p>→ Chapter 9.2</p> <p>→ G4-EN19</p> <p>→ G4-EN19</p> <p>→ Chapter 9.3</p> <p>→ Chapter 9.6</p>
<p><b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies.</p>	<ul style="list-style-type: none"> <li>• 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 here: All dual-flush and flush-stop cisterns installed since 1998 have saved 2,128 million cubic meters of water in 2014.</li> <li>• Nine Geberit product groups – a total of over 480 sales products – carry the water efficiency label WELL. Since 2013, the labels have been displayed on all packaging and documented in catalogs. Eight of these nine product groups carry the top A class label and account for more than 20% of Group sales.</li> <li>• 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.</li> </ul>	<p>→ G4-2</p> <p>→ Water footprint</p> <p>→ Sustainability Strategy</p> <p>→ Story Green Building</p>
Anti-corruption		
<p><b>Principle 10:</b> Work against corruption in all its forms, including extortion and bribery.</p>	<ul style="list-style-type: none"> <li>• As a long-time member of Transparency International Switzerland, Geberit is committed to high standards in combating corruption.</li> <li>• In 2014, the Internal Audit Department audited a total of 15 companies. This represents almost one third of all Geberit companies. Each company is audited at least every five years, or considerably more frequently if it has a heightened risk profile. No cases of corruption were discovered in 2014.</li> <li>• As a rule, Geberit does not make donations to parties or politicians. All donations and related commitments are neutral from a party political point of view. This was verified and documented as part of the annual, binding Group-wide survey.</li> </ul>	<p>→ Chapter 12.1</p>

## Stakeholder Panel 2014: Introduction

As part of sustainability reporting on the financial year 2014 and the switch from GRI G3 to GRI G4, Geberit consulted a panel of external stakeholders for the second time. The results of the external stakeholder panel's analysis are documented in the → [panel statement](#). The external review and the recommendations contained therein are dealt with in detail in the → [response from Geberit to the panel statement](#).

### Panel's objective and role

The objective of the external stakeholder panel was to provide feedback on the materiality analysis and to compare this analysis with the current sustainability strategy. The panel also examined whether the most important topics were included in sustainability reporting and whether the concerns of the stakeholders were taken into consideration.

The panel's review does not include an examination of the accuracy of the data and information presented by Geberit.

### Panel composition and independence

The stakeholder panel comprises five → [members](#) with no affiliation to Geberit and different areas of expertise with respect to Geberit's core business. To ensure the panel's independence in this process, the discussions were overseen and moderated by an external party.

The → [panel statement](#) contains the review of all panel members. The panel is a consensus group. In cases where a consensus could not be reached, the diverging opinions were documented in the Statement. As a basic principle, the views expressed by the panel members are their own and do not necessarily reflect the views of their respective organization or employer.

### Process and results

The process comprised several steps and was conducted and documented in a systematic manner:

- Prior to the stakeholder dialog, the panel members completed a survey on the materiality analysis. This survey also served Geberit internally as a basis for determining the material aspects.
- All panel members also received all documents on sustainability reporting for analysis, including the sustainability strategy.
- In September 2014, the panel met with CEO Albert M. Baehny and managers from various departments for a half-day workshop. The panel's responses to the survey on materiality served as the basis for the discussion. The discussion focused primarily on those topics where the difference between Geberit's internal and the panel's external standpoint was the greatest, as well as on topics where Geberit had not identified any relevance or need for action.
- In January 2015, the panel was consulted once again, the revised sustainability strategy presented and the → [panel statement](#) finalized.
- In February 2015, the → [response from Geberit to the panel statement](#) was developed on the basis of current reporting on the financial year 2014.

The GRI → [“Materiality Matters check”](#) confirms that the portrayal of key elements of the report – such as the definition of material aspects, their boundaries and the description of stakeholder engagement (G4-17 to G4-27) – has been verified by GRI.

## Stakeholderpanel 2014: Members



Prof. Dr.-Ing. Holger Wallbaum, Professor in Sustainable building at the Chalmers University of Technology, Gothenburg (SE)



Prof. Dr. Christine Kaufmann, Chair for public and international law, Centre for Human Rights Studies, University of Zurich (CH)



Felix Meier, CEO PUSCH (Foundation of Practical Conservation), Zurich (CH)



Peter Zollinger, Head Impact Research, Globalance Bank, Zurich (CH)



Thomas Zeller, Co-Chair, Swiss Water Partnership, Zurich (CH)



**Moderation**  
Dr. Barbara Dubach, CEO, engageability, Zurich (CH)

## Stakeholder Panel 2014: Panel Statement

### Materiality analysis

The results of the internal and external survey on the materiality analysis made by Geberit showed a high degree of consensus between the internal standpoint of the company and the assessment of the stakeholder panel.

Geberit and the panel agree that the most material aspects include the topics of economic performance, energy, water, products and services, occupational health and safety, education and further training, anti-competitive behavior and customer health and safety.

### Economic performance

For the panel, sustainability and economic success go hand in hand. It thus recommends that Geberit make the business model for sustainable business management an even greater topic of discussion and point out areas where opportunities or conflicting goals exist.

### Energy, climate change and water

The links between energy, climate change and water are important to the members of the panel. Water shortages are a key global issue, and Geberit can make a valuable contribution to saving water and hygiene with its products. The strategy for reducing the water consumption of products and systems is deemed correct.

It would be interesting to see what financial benefits an end user could gain by using water-saving products from Geberit. The costs of consumption and the possible economic advantages for customers should be presented more effectively by Geberit.

The panel further suggests that Geberit outline in a transparent manner whether and to what extent it influences standardization processes in sanitary technology, and that it describe its collaboration with standardization bodies in this area.

### Products and services

Geberit already does a great deal with respect to eco-design, meaning there is little need for action in this area.

Green building is opening up a future market with major potential for Geberit. The use of recycled materials instead of virgin materials is a possible field of action.

Despite its focus on the upper price segment, the panel feels that Geberit should not neglect opportunities in the middle and lower price segments. Trends in the middle classes of society show changes in daily living behavior and a growing willingness to invest in sanitary installations.

### Occupational health and safety

The vision of an accident-free company is of great importance, but poses a challenge in developing countries in particular that should not be underestimated.

Further topics discussed with the panel were green procurement and areas identified as requiring little or no action.

### Green procurement

Green procurement is an important trend for Geberit. The panel welcomes Geberit's Code of Conduct for suppliers, the audits that Geberit and external partners carry out, and also the methods provided for filing grievances informally. There is no specific need for action with respect to the inclusion of local suppliers.

Corruption is a delicate subject in connection with suppliers. The panel suggests including a function on the homepage to enable the informal filing of grievances in addition to the Integrity Line.

### Non material topics or topics requiring little or no action

Biodiversity, security practices, protecting customer privacy, marketing communications and indigenous communities are all subjects of little or no relevance to Geberit's business activities at present. The panel notes that indigenous communities could become more important in relation to the procurement of raw materials in the supply chain.

Geberit makes no political contributions and issues no political statements, meaning these issues are irrelevant.

The panel believes that Geberit does a good job of meeting its social and local responsibilities, that the company enjoys open and good employer/employee relations, and that Geberit's communication culture is candid with regard to operational changes. Given these strengths, there is currently no need for additional action in these areas.

### **Sustainability strategy**

The panel observed a high degree of consensus between the results of the materiality analysis and the current sustainability strategy at Geberit. The material topics are well reflected by the eleven modules in the sustainability strategy.

The panel is interested in finding out more about the long-term vision of Geberit. It expects that the topics of water, climate change and green building will continue to gain in importance. Focusing on these topics and their interaction could open up new market opportunities for Geberit and strengthen its position as a pioneer in the industry. This approach could also benefit end users in the long term and make it easier for Geberit to tap into new markets.

In addition, the sustainability strategy should explicitly refer to the UN Guiding Principles on Business and Human Rights.

### **Sustainability communication**

Geberit cultivates a good and transparent communication culture and practices comprehensive reporting. The panel urges the company to retain these strengths and further develop them on an ongoing basis.

The panel also recommends that Geberit present key topics more distinctly. Internally and externally, the company should communicate the added value and benefit of the sustainability strategy, citing quantitative or qualitative data whenever possible as verification. Innovative flagship solutions could be used to show that Geberit is part of the solution and is contributing toward saving water.

### **Final remarks**

The panel members welcome Geberit's openness and confirm the positive impression they already had before undertaking this review.

Implementing the issues raised by the panel should help Geberit to maintain its leading position in the future.

The panel notes that this assessment of material topics and the sustainability strategy is a snapshot and recommends that it be repeated at regular intervals with external experts.



## Stakeholder Panel 2014: Response from Geberit to the Panel Statement

Geberit thanks the members of the stakeholder panel for the constructive discussions and valuable suggestions. Geberit pursues a “best-in-class” approach and wants to consolidate its role as a sustainability leader. With this in mind, the suggestions will be incorporated into the continuous improvement process. The statements made by the panel are commented on individually below, with the content structured according to the Panel Statement.

### Materiality analysis

The high degree of consensus between Geberit Management and external stakeholders when selecting significant topics is pleasing and serves to confirm the understanding of sustainability that has developed over the years. The feedback of the panel has been included in the results of the materiality analysis and thus also in the definition of the report content. A summary of the results is presented in the → [materiality analysis](#).

#### Economic performance

Geberit’s economic performance will be significantly enhanced by the forthcoming integration of Sanitec. At the same time, there is the challenge of transferring the high sustainability standards of Geberit to the expanded company. The increase in company value entails long-term risks and opportunities, particularly in terms of significant sustainability topics such as resource consumption. For instance, the ecological footprint will increase considerably due to the greater energy and resource consumption associated with the manufacturing processes at Sanitec. Geberit is addressing this challenge with clear goals and effective measures in line with the sustainability strategy. The focus remains on a continuous improvement in efficiency.

#### Energy and water

Geberit is part of the value chain in construction. Water-saving and energy-saving products contribute to the implementation of sustainable construction standards. Above all, Geberit is able to demonstrate the functional advantages of the products and financial added value through the implementation of sustainable all-round solutions in construction. Furthermore, the “green building” area of competence is to be expanded further.

Geberit is a leader in the area of sustainability and utilizes its know-how to set industry-wide standards in the area of water conservation. For example, Geberit actively worked on adapting the applicable standard for the dimensioning of drainage piping to smaller diameters. This is important so that the full functionality of the drainage system is ensured even with lower quantities of waste water. Geberit also supported the launch in 2011 of WELL (Water Efficiency Label), a product classification system for water-saving and resource-efficient sanitary products. Geberit takes on board the suggestion of the panel with regard to more clearly illustrating its leading role within the industry.

#### Products and services

The application of eco-design as an integral part of product development includes the use of recycled materials instead of virgin materials. Progress was also made here in the reporting year: Thanks to an intelligent redesign, half of the material for the new OEM flush valve type 240 is made of high-quality ABS regranalate. The use of plastic regranalate is generally to be increased further and applied to other product areas.

Geberit products are developed as leading products with high quality standards for its core markets. With its expansion – particularly in China and India – Geberit is pursuing a clear, long-term strategy, has been investing consistently for over ten years and is developing modern, resource-efficient products for these local markets. Customers from the middle classes are also to be addressed.

### Occupational health and safety

The vision of an accident-free company poses a challenge, particularly at new locations and within the expanded company. Geberit aims to achieve the consistent implementation of uniform standards throughout the world, including the realization of an → [integrated management system](#) in the areas of quality, environmental protection, occupational health and safety and energy.

### Green procurement

The topic of procurement in the narrower sense of procurement from local suppliers was not integrated into reporting. All measures for minimizing risks in the supply chain are described in the → [chapter suppliers](#).

As a member of Transparency International, Geberit is committed to high standards in combating corruption, which it implements accordingly. Guidelines on donations that apply Group-wide are in place in this regard. A high level of awareness with respect to the correct practice regarding donations – which particularly plays a role during marketing campaigns – can be seen in the company. In cases of uncertainty, local business and marketing managers consult the Group's Legal department. Geberit considers the existing measures for avoiding corruption to be far-reaching and effective. There are no plans at present for an external whistleblower hotline for cases of corruption.

### **Sustainability strategy**

The stakeholder panel considers the sustainability strategy to be an action-oriented and effective instrument. It has been developed based on knowledge of long-term global trends concerning the topics of water, climate and green building; see → [G4-2](#).

The end user is becoming more and more important as the addressee of communication. This is being reinforced by the integration of Sanitec and its products. The contents of communication are increasingly also referring to the potential to save water and energy. The aim is to illustrate the benefits to the end user more vividly.

The topic of "green building" is being expanded further as an area of competence at Geberit. The aim here is to be able to address market needs for the implementation of standards more directly in future.

### **Sustainability communication**

Geberit is continuously improving its integrated online sustainability reporting. The materiality analysis helps to place the focus on the key topics, to illustrate them even better and to communicate them both internally and externally.

Geberit reports according to the principles of the UN Global Compact that is based on the UN Guiding Principles on Business and Human Rights, among other aspects. In addition, the reference to inclusion of the UN Guiding Principles was set out more explicitly in the sustainability performance report and in the sustainability strategy with regard to the implementation of → [human rights](#).

### **Final remarks**

Geberit thanks all of the panel members for their work. It is planned for an external stakeholder panel to continue its work. Geberit will await the further integration process with Sanitec before making any concrete plans.

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# 1. Strategy and analysis

## G4-1 CEO Statement

For the statement of Christian Buhl (CEO), see → [CEO Statement on sustainability](#).

## G4-2 Key impacts, risks and opportunities with regard to sustainability

A sustainable corporate culture makes it possible to increase the value of the company over the long term and minimize risks for its future development. Geberit positions itself as a leader in sustainability and aims to set standards for customers, suppliers and other partners. Various awards and rankings serve to confirm Geberit's role as a leader in sustainability in various stakeholder groups' perceptions. For example, Geberit has made the Corporate Knights Global 100 index – a list of the 100 most sustainable companies in the world – since 2010. The "GemeinwohlAtlas für die Schweiz" (Common Good Atlas of Switzerland) published a ranking of 62 Swiss organizations for the first time in 2014. Geberit performed well here, with 4.73 points on a scale from 1 (poor contribution to common good) to 6 (outstanding contribution to common good).

The economic performance of Geberit is shaped by a sustainable approach. The → [50<sup>th</sup> anniversary of the Geberit concealed cistern](#) is a perfect example of this. This highly successful product, which has been sold over 60 million times, was a far-sighted strategic step on the journey from a sanitary unit to the bathroom of today in its modern form. Water saving through dual flush, reliable quality and comfort for end users as well as the 25-year guaranteed spare parts availability for plumbers are all convincing aspects of a sustainable product.

Supplementary to the established → [Sustainability Strategy](#) and based on the GRI G4 guidelines, the → [Materiality analysis](#) carried out in 2014 prioritizes the key topics for Geberit: water-saving, sustainable products; environmentally friendly and resource-efficient production; procurement and logistics with high environmental and ethical standards; and good, safe working conditions for the more than 6,200 committed and qualified employees worldwide. The corporate social responsibility is realized among other things within the scope of global social projects relating to the core competencies of water and sanitary facilities, and is intensified through memberships such as that with the non-profit organization "Swiss Water Partnership" aimed at promoting international dialog on water. There is also a long-term partnership with the Swiss development organization Helvetas.

The key internal challenge over the next few years will be to integrate Sanitec and – as a company with practically double the number of employees and significantly increased resource consumption in production – to then achieve the high sustainability standards for the entire company and expand them in the medium term.

Sustainability means satisfying the needs of today's generation in a manner that will ensure a solid basis for the livelihoods of future generations. The external challenges and objectives associated with this primarily pose an opportunity for Geberit. With its Millennium Development Goals from the year 2000, the United Nations aims to halve the number of people without access to clean drinking water and sanitary facilities by 2015. A look at the progress made to date shows that the ambitious goals are only partially being met. The sustainability goals of the UN for the post-2015 era are currently being negotiated. What is not disputed, however, is the great importance of the topic of water management for a sustainable development. The increase in the world's population, migration, urbanization, climate change and natural disasters can lead to regions that are currently well supplied with water becoming problem regions in the future. These global trends will have a significant impact on future sanitary technology: Water-saving and resource-efficient products are becoming ever more important. The EU is increasingly putting water conservation on its political agenda and has developed ecolabels for efficient toilets, urinals, washbasins and showers.

The biggest environmental contribution by Geberit products also lies in the conservation of water. The analysis of the entire value chain in the form of a → [water footprint](#) shows that nearly 100% of the water consumption is attributable to the product usage phase. The water savings are impressive: According to one model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 17,900 million cubic meters of water in comparison with traditional flushing systems. In 2014 alone, the water saved amounted to 2,128 million cubic meters. This is more than half of the annual consumption of all German households.

However, the continuous reduction of the ecological footprint of Geberit products goes beyond water saving. They impress with their quality, durability, resource efficiency, good environmental compatibility and high recyclability. Since 2007, Geberit has been consistently focusing on → [eco-design](#), meaning new products are systematically examined and optimized in terms of environmental and safety aspects. This takes place along the entire value chain – from the selection of raw materials and utilization right through to disposal. Thanks to this pioneering work, Geberit is well equipped in terms of EU requirements.

→ [Green building](#) has long been more than just a trend. European standards are increasingly prescribing the use of sustainable products and systems in buildings. At the same time, more and more buildings are being constructed voluntarily in accordance with sustainability standards such as DGNB, Minergie, BREEAM and LEED. Investors, project developers, owners and tenants are looking for system providers with holistic know-how regarding green building that can contribute to the respective desired standards being fulfilled in a targeted manner. This is opening up a market with major future potential in which Geberit is already present with water-saving, energy-saving, low-noise and durable products, and one in which Geberit specifically positions itself in the value chain as a green building provider. For reference projects, see the → [reference magazine View](#).

Geberit combats risks posed by increasing regulation and changing framework conditions with an effective → [compliance system](#) that focuses on compliance in the five key topic areas of "antitrust legislation", "corruption", "employee rights", "product liability" and "environmental protection".

## 2. Organizational profile

### G4-3 Name of the organization

Geberit Group.

### G4-4 Brands, products and/or services

Geberit offers customers high-quality system solutions for applications in private residential construction and public buildings. The systems are used in both renovation projects and new buildings. A broad range of products is offered within the two product areas of Sanitary Systems and Piping Systems. This ranges from installation systems, cisterns and mechanisms, faucets and flushing systems, waste fittings and traps to supply and building drainage systems. Geberit also increasingly offers products with compelling front-of-the-wall comfort and design, such as the Mono-lith, the AquaClean shower toilet, the actuator plates or the shower element.

For further information on the product range, see → [www.geberit.com > Products > Product range](#).

For 2014 sales by product areas and product lines, see → [Business report > Business and financial review > Sales](#).

### G4-5 Headquarters location

The Geberit Group has its headquarters in Rapperswil-Jona (CH).

### G4-6 Countries with business operations

Geberit has its own representatives in 41 countries. The products are sold in over 100 countries throughout the world. The company has 17 specialized production companies in eight different countries close to the most important sales markets and a central logistics center in Pfullendorf (DE).

For a list of the countries in which Geberit operates, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 33](#).

### G4-7 Ownership and legal form

Geberit AG, the parent company of the Geberit Group, is a stock corporation (AG) under Swiss law.

### G4-8 Markets served

In terms of market cultivation, Geberit relies on a three-stage distribution channel. The products are distributed via the wholesale trade. Dealerships then sell them to plumbers and present them at exhibitions and other venues where end customers can gain information. At the same time, Geberit provides plumbers and sanitary planners with intensive support through training and advice, which in turn leads to increased demand for Geberit products from wholesalers. Since 2012, there has been a → [web shop](#) for the direct procurement of Geberit AquaClean and Geberit Duo-Fresh consumables.

For sales by markets and regions as well as by product areas and product lines, see → [Business report > Business and financial review > Sales](#).

### G4-9 Scale of the reporting organization

The Geberit Group's market capitalization reached CHF 12,791 million as of the end of 2014 (previous year CHF 10,224 million). For the consolidated balance sheet with details of current assets, non-current assets, equity and liabilities, see → [Financial Report > Consolidated financial statements Geberit Group > Balance sheet](#). The 2014 sales of CHF 2,404 million (previous year CHF 2,292 million) were achieved with products in the two product areas Sanitary Systems and Piping Systems. The packaged products had a total weight of around 188,868 metric tons.

At the end of 2014, the Group had 6,247 employees (previous year 6,226 employees). For the number of business sites, see → [G4-6](#).

### G4-10 Total number of employees by employment type, employment contract, region and gender

The number of employees rose once again in the reporting year. At the end of 2014, the Geberit Group employed 6,247 people worldwide – 21 persons or 0.3% more than in the previous year. This increase is primarily due to capacity adjustments in the production plants and an expansion within sales.

For key figures on the workforce by employment type, employment contract, region and gender, see → [Key figures sustainability > Employees and society](#).

### G4-11 Employees covered by collective bargaining agreements

Approximately 4,200 employees, and thus around two-thirds of the workforce, are currently covered by collective agreements (e.g. collective labor agreements, wage agreements). The percentage is especially high in Germany, Austria and Switzerland, where over 95% of employees at the production companies are subject to a collective labor or wage agreement. There are no collective agreements with employees in the USA and China.

#### G4-12 Description of the organization's supply chain

See → [chapter Suppliers](#).

#### G4-13 Significant changes regarding size, structure or ownership

No significant changes in the Group structure took place in 2014.

For further information, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 2](#).

#### G4-14 Precautionary approach

The precautionary approach plays an important role for Geberit as a production company. This approach is defined in the → [Geberit Code of Conduct](#).

All production sites and logistics as a whole work with an integrated management system and have a → [Group certificate in accordance with ISO 9001 \(quality\) and ISO 14001 \(environment\)](#). By mid-2016, all plants will also integrate the OHSAS 18001 standard for occupational health and safety management and individual sites will integrate the ISO 50001 standard for energy management. In operations, preventive approaches are implemented for environmental protection, energy efficiency, occupational health and safety and quality assurance. In line with the "best-in-class" approach, ambitious long-term goals were drawn up at the end of 2012. For example, by the year 2020 the aim is to reduce absolute CO<sub>2</sub> emissions by 20% compared with the base year 2000 (based on organic growth) and to halve accident rates compared with 2010.

All eleven European production plants started introducing the Geberit Production System (GPS) 2.0 in 2014. Best-practice standards in production will be uniformly implemented using methods such as SMED (Single Minute Exchange of Dies), TPM (Total Production Maintenance), 5S (Workplace Organization Methodology) and CIP (Continuous Improvement Process).

An extensive system for the control and management of all risks involved in business activities is in place throughout the Group. For further information, see → [Business report > Corporate governance > Board of directors > Information and control instruments vis-à-vis the Group Executive Board](#).

#### G4-15 External agreements and initiatives

Geberit has been a formal member of the UN Global Compact since October 2008 and was a founding member of the local Swiss network in 2011. The company has been a member of the Transparency International organization since June 2000 and supports its objectives for combating corruption. Since 2007, Geberit has voluntarily applied the comprehensive guidelines of the Global Reporting Initiative (GRI) for sustainability reporting and has thereby made an active contribution towards ensuring transparency and comparability in this reporting.

Furthermore, the company became a member of the non-profit organization "Swiss Water Partnership" in 2012. The goal of this platform is to bring together all those involved in the topic of water supply (from the academic, business, public and private spheres) in order to address future challenges in this area jointly. This partnership also aims to promote international dialog on water.

#### G4-16 Membership in associations and organizations

Geberit is involved in various associations and organizations that make a contribution toward sustainability. In addition, various Geberit companies are members of national associations on topics such as environmentally friendly production, energy, waste management and employee protection. For major commitments, see → [www.geberit.com > Sustainability > UN Global Compact and Memberships](#).

## 3. Material Aspects and Boundaries

### G4-17 Reporting boundaries in the consolidated financial statements

The report covers the entire Geberit Group. If only part of the company is meant as an example or due to the availability of data, this is clearly indicated.

For the reporting limits in the Consolidated financial statements, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 33](#).

### G4-18 Process for defining report content

The GRI G4 guidelines serve as the basis for this report for the first time. Geberit implements the report option "comprehensive" and adheres closely to the GRI guidelines regarding the determination of material aspects and boundaries. The starting point was a comprehensive → [Materiality analysis](#) based on the sustainability topics described in the GRI aspects.

These efforts were able to build on the substantial basis that has been created in recent years. Material sustainability topics and related measures are already presented in compact form within the → [Sustainability Strategy](#). Also material are the principles of the UN Global Compact, which Geberit has committed itself to uphold and which are presented in the → [Communication on Progress UN Global Compact](#).

An internal materiality analysis was first developed on this basis from June to August 2014. The GRI aspects to be reviewed were divided into seven areas. They were then analyzed, assessed and prioritized in detail in seven workshops, each with one member of the Group Executive Board and further specialists from the respective area present. The total results from all workshops were consolidated, then examined and approved by the Group Executive Board.

An external stakeholder panel was consulted in September 2014. This was the second such consultation following the first in 2012. Its mandate consisted of scrutinizing the results of the internal materiality analysis. The majority of these results showed a high degree of consensus between the internal standpoint of the company and the assessment of the stakeholder panel., see → [Panel statement](#).

### G4-19 Material aspects

Material aspects are deemed material if they are significant from the internal perspective of the company or the external perspective of stakeholders. No differentiation was made between internal and external dimensions. The aspects were divided into four categories: most material, material, less material and not material or not requiring any action. The GRI aspects that Geberit identified as material in the economic, environmental and social dimensions can be seen in a → [dynamic chart](#).

The results of the internally conducted materiality analysis were reviewed by the external stakeholder panel and approved, see → [Panel Statement](#).



The following aspects were identified as not material or as not requiring any action:

**GRI aspects that are not material or that require no action** Reason

Procurement practices (in the narrower sense in connection with local suppliers)	Collaboration with local suppliers has no strategic significance for Geberit. Criteria such as reliability and price, quality and sustainability etc. are material, whereas the supplier's proximity to the production site is not (except in a handful of individual cases). As a result, there is no preferential treatment of local suppliers or special criteria for them. For comprehensive information on the subject of the supply chain, see <a href="#">→ chapter Suppliers</a> .
Biodiversity	Geberit production sites do not endanger biodiversity in protected areas. The production and disposal of Geberit products do not pose any special danger to biodiversity.
Investments environment	Geberit plans holistically and integrates the aspect of environmental protection in the development of its products and production sites. In the context of integrated, sustainable planning, it makes no sense for Geberit to report investments in environmental protection separately.
Environmental grievance mechanisms	Any risks or problems cited by stakeholders are addressed and resolved directly. Formal grievance mechanisms are not relevant for Geberit.
Labor/Management relations (in the narrower sense of formal notice periods)	Geberit cultivates transparent internal communication and a close dialog between employees and management. These efforts are supported by the company's years of good economic development. There are no formally binding agreements on communication in case of severe measures.
Security practices	Geberit is not active in any countries where special security precautions have to be taken.
Indigenous rights	Geberit is not active in any countries or regions where the rights of indigenous people are endangered.
Human rights grievance mechanisms	The risks of human rights violations by Geberit are low in general. Any risks or problems cited by stakeholders are addressed and resolved directly. Formal grievance mechanisms are not relevant for Geberit.
Local communities	Geberit production sites do not entail special risks for local communities or adverse effects on the neighborhood. As a good corporate citizen, Geberit cultivates good relations with its neighbors.
Public policy	No support is given to political parties or politicians. Participation in the political process is confined to membership in certain associations and is therefore limited.
Social grievance mechanisms	Any risks or problems cited by stakeholders are addressed and resolved directly. Formal grievance mechanisms are not relevant for Geberit.
Marketing communications	Owing to its marketing strategy, Geberit is not exposed to risks from aggressive advertising or marketing. All external means of communication are checked for correctness and appropriateness.
Customer privacy	Geberit does not possess sensitive data on end users. Data on customers and end users are safeguarded as required by statutory requirements.

**G4-20/21 Material aspects and report boundaries outside and within the organization**

The GRI aspects determined to be material pertain to different internal areas and external players. The table below shows which areas and players are primarily covered in this report. They therefore determine the report limits.

Material GRI aspects	Reporting limits inside the organization			Reporting limits outside the organization			
	Company, total	Employees	Production/ logistics	Customers	Suppliers, partners	Society	Others
Economic performance	x	x				x	Shareholders
Market presence		x				x	
Indirect economic impacts		x			x	x	Regional economy
Materials			x	x	x		
Energy	x			x		x	
Water			x	x		x	
Emissions			x	x		x	
Effluents and waste			x			x	
Products and services	x			x	x	x	
Compliance environment			x			x	
Transport			x		x	x	
Supplier environmental assessment					x		
Employment		x				x	Regional economy
Occupational health and safety		x				x	Regional economy
Education and further training		x				x	Regional economy
Diversity and equal opportunity		x					
Equal remuneration for women and men		x					
Supplier assessment for labor practices					x		
Labor practices grievance mechanisms		x				x	
Investments	x					x	
Non-discrimination		x					
Freedom of association and right to collective bargaining		x					Trade unions
Child labor		(x)			x	x	
Forced or compulsory labor		(x)			x	x	
Human rights assessment	x				x	x	
Supplier human rights assessment					x	x	
Anti-corruption	x			x	x	x	
Anti-competitive behavior	x			x		x	Competitors
Compliance	x					x	
Supplier assessment on impacts on society					x	x	
Customer health and safety	x			x			
Product and service labeling	x			x			
Compliance Product Responsibility	x			x			

#### **G4-22 Effects of any restatements of information provided in earlier reports**

This report contains no significant new form of presentation of information from previous years. If, in individual cases, a new form of presentation, calculation method or optimized data collection has led to other results for the previous years, then this is noted as a restatement under the respective indicator.

#### **G4-23 Response to and dealing with key topics and concerns of stakeholders**

The annual sustainability reporting for the 2006 to 2013 financial years is based on the GRI G3 guidelines in force since October 2006. The 2014 financial year is the first time the GRI G4 guidelines are being followed. In this way, Geberit has developed a consistent reporting system in which individual indicators are further developed each year.

There were no significant changes during the reporting period with regard to scope or reporting limits for topics identified as material (GRI aspects). If, in individual cases, a new measuring method is used, this is noted under the respective indicator.

## 4. Stakeholder engagement

### G4-24 Relevant stakeholder groups

Significant stakeholder groups for Geberit are customers, shareholders and analysts, banks, the media, employees and trade unions, neighbors, research institutes and suppliers, transport companies, competitors, associations, non-government organizations and the general public, as well as regulators. Details on stakeholder engagement can be found under → [G4-26](#).

### G4-25 Basis for selection of stakeholders

Systematic dialog with stakeholders helps Geberit to identify possible conflict issues and opportunities for further development and to respond to these in good time. At the national and international levels, the Geberit Group and the Group companies maintain relations with organizations and institutions in the respective countries that direct requests and suggestions to the company. The stakeholders listed under → [G4-24](#) have been identified as important for systematic stakeholder dialog as they fulfill one of two criteria: Either the stakeholder group exerts a strong influence on the economic, environmental or social performance of Geberit and/or the stakeholder group is strongly affected by the economic, environmental or social performance of Geberit. An → [external Stakeholder Panel](#) helps Geberit to review its assessment of important stakeholder groups and their concerns.

### G4-26 Approaches to stakeholder engagement

As part of sustainability reporting on the financial year 2014, Geberit consulted a panel of external stakeholders for the second time. Its mandate consisted of scrutinizing the results of the internal materiality analysis from the standpoint of external stakeholders and providing feedback on the sustainability strategy and sustainability communication. The results are presented in the → [Panel statement](#). In the → [Response from Geberit to the Panel statement](#) Geberit deals in detail with the external assessment and the recommendations contained therein.

A stakeholder analysis is performed at all production plants as part of environmental management in accordance with ISO 14001. Based on this information, Geberit identifies potential for conflict or opportunities and essentially pursues a cooperative approach in order to discuss and further develop possible measures with the stakeholders concerned.

Engagement of stakeholders according to stakeholder group:

#### Customers:

- Around 500 technical advisors working in the field are in daily contact with plumbers, planners and architects in particular.
- During the reporting year, around 30,000 customers were provided with basic and further training in Geberit systems and software tools at the 25 information centers in Europe and overseas.
- → ["Geberit On Tour"](#): Mobile exhibition that presented the advantages of Geberit products at more than 750 events in 15 countries in 2014. Around 20,000 visitors were registered at the events in total.
- For trade fairs and customer surveys, see → [Business report > Business and financial review > Customers](#).
- A trend study entitled «Changes in Body Awareness and Hygiene» was carried out by Zukunftsinstitut GmbH in Frankfurt (DE).

#### Shareholders, analysts:

- For the participatory rights of the shareholders, see → [Business report > Corporate governance > Participatory rights of shareholders](#).
- Regular conference calls, bilateral meetings, conferences and roadshows by the CEO, CFO and Head Corporate Communications and Investor Relations.

#### Media:

- Regular conference calls, bilateral meetings/interviews with the relevant media for Geberit.
- Sustainability issues and in particular the proof of performance of Geberit in this area play an important role in Geberit's media relations.

#### Employees, trade unions:

- Regular meetings of the employee representatives of the European sites with a member of the Group Executive Board and the Head Corporate Human Resources as part of the Geberit Europe Forum.
- Training and feedback opportunities on topics regarding the Code of Conduct.
- Group-wide → ["Geberit Integrity Line"](#) in place since 2013 to enable all employees across the world to report internal irregularities anonymously.
- Employee survey every four years, with the next one in 2015 or 2016.

#### Neighbors, municipalities:

- Consultation with and inclusion of the neighbors of production plants in larger construction projects.
- Open days at various production sites.

**Research institutes:**

- Financial support of the ETH Zurich Foundation with its key strategic area entitled "Green Building".
- Partner of the → **research platform NEST** (Next Evolution in Green Building Technologies) at EMPA in Dübendorf (CH).
- Cooperation with Tongji University (CN) on technological trends and developments directly related to sanitary technology.

**Suppliers:**

- Initial contact within the scope of the assessment procedure and implementation of the Code of Conduct for Suppliers, see → **chapter Suppliers**.
- Regular discussions between buyers and suppliers on site.
- On-site audits (quality, environment, safety) carried out by Geberit and since 2012 also by certified third-party specialists.
- Sustainability risks in the supply chain are analyzed using a database-supported method.
- Cooperation with manufacturers of infrastructure equipment, e.g. pilot project for the use of waste heat for the preheating of granulate in Pfulendorf (DE).

**Transport companies:**

- Discussions with transport service providers concerning the results of the environmental monitoring, see → **G4-EN29**.
- Joint planning and implementation of a pilot project with a → **natural gas truck** with a vehicle manufacturer and transport service provider.

**Associations:**

- Involvement in various → **associations and organizations** with participation in corresponding management bodies and programs.

**Non-government organizations, general public:**

- Partnership with the Swiss development organization Helvetas.

Feedback from stakeholder dialogs is incorporated into the → **Materiality analysis** and into the → **Sustainability Strategy**.

**G4-27 Response to and dealing with key topics and concerns of stakeholders**

The topics introduced by the external → **Stakeholder Panel** have been integrated into the updated sustainability strategy and reporting by Geberit; see → **Panel statement** and the → **Response from Geberit to the Panel statement**.

Examples of important topics that were introduced by stakeholders and have been implemented by Geberit include:

- Expansion of the portfolio of water-saving products: see → **G4-EN27**.
- → **Water footprint**, which covers Geberit's entire value chain.
- Transparency with "WELL" in the selection of water-saving products: see → **Business report > Business and financial review > Sustainability**.
- Customer training: see → **Business Report > Business and financial review > Customers**.
- Transparency of the remuneration system: see → **Business Report > Remuneration report**.
- Long-term CO<sub>2</sub> strategy: see → **Management Approach - Emissions**.
- Transparency in the environmental impact of logistics: see → **Business Report > Business and financial review > Logistics and procurement**.
- "Best-in-class" approach to occupational safety: see → **Business Report > Business and financial review > Employees**.
- Implementation of social projects: see → **Business Report > Business and financial review > Social engagement**.

## 5. Report profile

### G4-28 Reporting period

2014 reporting year.

### G4-29 Date of most recent previous report

Geberit published extensive magazine-like Sustainability Reports in 2004, 2007 and 2010. GRI reporting regarding all GRI G3 guideline requirements at the Level A application stage was published annually for the financial years 2006 to 2013. The → **last report** for 2013 is still available online; for reports from previous years, see → [www.geberit.com](http://www.geberit.com) > **Infocenter** > **Publications**.

### G4-30 Reporting cycles

Annually as part of the integrated online reporting for a given financial year.

### G4-31 Contact point for questions regarding the report or its contents

Should you have any questions concerning sustainability at Geberit, please contact:

Roland Högger Head of Environment and Sustainability Geberit International AG Schachenstrasse 77, CH-8645 Jona Tel: +41 55 221 63 56, Fax: +41 55 221 67 47 [sustainability@geberit.com](mailto:sustainability@geberit.com)

### G4-32 Reporting option chosen

The reporting implements the GRI G4 reporting option "comprehensive". For the formal GRI index, see → **formal GRI Index**.

### G4-33 External assurance for the report

There is no external review of the sustainability reporting in its entirety. Instead, individual processes, results and indicators are inspected in detail by external parties:

- The → **Stakeholder Panel** examined the selection of material aspects (see → **G4-18** and → **G4-19**), see → **Panel statement** and the → **Response from Geberit to the Panel statement**.
- Financial reporting is audited by an external auditor, see → **Report of the statutory auditor**.
- Reporting on the energy and greenhouse gas balance sheet is submitted as part of the Carbon Disclosure Project and reviewed and assessed as part of the usual evaluation.
- All production sites and logistics as a whole work with an integrated management system and have a → **Group certificate in accordance with ISO 9001 (quality) and ISO 14001 (environment)**. By mid-2016, all plants will also integrate the OHSAS 18001 standard for occupational health and safety management and individual sites will integrate the ISO 50001 standard for energy management.
- On-site audits (quality, environment, safety) are carried out by Geberit and since 2012 also by certified third-party specialists as part of on-site supplier auditing, see → **chapter Suppliers**.

In the → **formal GRI Index** all external auditing processes are listed under the respective general and specific information on the GRI standards.

## 6. Governance

### G4-34 Governance structure, committees under the Board of Directors

The Board of Directors determines the strategic objectives and the general resources for achieving these, and decides on major business transactions. For details about the internal organization of the Board of Directors and its committees, see → [Business Report > Corporate governance > Board of directors > Internal organizational structure](#).

The operational management structure of Geberit is divided into the Group Divisions:

- CEO division
- Sales Europe
- Sales International
- Products
- Finance

The assignment of clearly distinguished responsibilities minimizes the number of interfaces. For more details about the organizational structure, see → [Business Report > Management structure](#).

### G4-35 Delegation of authority on economic, environmental and social matters

The Board of Directors determines the overall strategy. This includes the corporate strategy, see → [www.geberit.com > Company > Vision and Strategy](#) and the → [Sustainability Strategy](#). To the extent legally permissible and in accordance with the Organization Regulations, the Board of Directors has assigned the operational management and the implementation of the strategy to the Chief Executive Officer. Within the operational management structure, responsibility for specific economic, environmental and social issues is delegated further, see → [Business Report > Management structure](#).

At every meeting, the members of the Group Executive Board inform the Board of Directors of current business developments and major business transactions of the Group or Group companies, as the case may be. Between meetings, the Board of Directors is comprehensively informed in writing about current business developments and the company's financial situation on a monthly basis.

### G4-36 Responsibility for economic, environmental and social matters

The Board of Directors determines the strategic objectives and the general resources for achieving these, and decides on major business transactions. Within the operational management structure, responsibility is determined for specific economic, environmental and social issues, see → [Business Report > Management structure](#). The responsible individuals report either directly to the CEO (including Corporate Human Resources, Corporate Communications and Investor Relations, Marketing, Strategic Planning), or to other members of the Group Executive Board.

The way in which the topic of sustainability is approached has been regularly reviewed within the company. For over 20 years, Geberit has had an Environment and Sustainability department, which has been reporting directly to the CEO for more than a decade. In recent years, this department has coordinated the further development of the Sustainability Strategy and related activities, although the responsibility for planning and implementation lies with the individual areas themselves.

### G4-37 Consultation process between stakeholders and the Board

For the participatory rights of the shareholders, see → [Business Report > Corporate governance > Participatory rights of shareholders](#).

There is no employee representative on the Board of Directors. The employee representatives of the European sites meet regularly within the context of the Geberit Europe Forum with a member of the Group Executive Board and the Head Corporate Human Resources. Selected concerns can be addressed to the Board of Directors through this channel.

### G4-38 Independent members of the Board of Directors

The Board of Directors consisted of five members at the end of 2014, of whom only the Chairman, Albert M. Baehny, was simultaneously involved in operative management in his capacity as CEO, see → [G4-39](#). All of the committees formed by the Board of Directors are comprised exclusively of independent members. For further information, see → [Business Report > Corporate governance > Board of directors](#).

### G4-39 Separation of chair of Board of Directors and Executive Management

The Chief Executive Officer (CEO), Albert M. Baehny, was also Chairman of the Board of Directors from 2011 until the end of 2014. He passed on the role of CEO to Christian Buhl at the beginning of 2015, and will then serve exclusively as Chairman. For further information, see → [Business Report > Corporate governance > Board of directors](#).

#### **G4-40 Nomination and selection process of the Board of Directors**

With regard to the election and terms of office of members of the Board of Directors, see → [Business Report > Corporate governance > Board of directors > Elections and terms of office](#).

#### **G4-41 Processes in place for the Board of Directors to avoid conflicts of interest**

Detailed information on all members of the Board of Directors, including their memberships in other organizations, can be found in → [Business Report > Corporate governance > Board of directors](#).

The Articles of Incorporation and the → [organizational regulations of the board of directors](#) stipulate how conflicts of interest of members of the Board of Directors are avoided: The members of the Board of Directors are obliged to refrain from involvement in the handling of matters affecting either their personal interests or those of a company with which they have an affiliation. This obligation to refrain from involvement has no influence on the requirements for a quorum when passing resolutions. Business dealings between the company and members of the executive or governing bodies or related parties are subject to the principle of conclusion at conditions as with independent third parties.

#### **G4-42 Role of top management and Board of Directors in development of guiding principles and strategies**

Geberit's longstanding success is based on the fact that, together with the Board of Directors, the Group Executive Board pursues a long-term perspective. The Board of Directors and Group Executive Board have defined and adopted key mission statements and principles such as the Geberit Compass and the Geberit Code of Conduct, see → [G4-56](#). The → [Sustainability Strategy](#) is examined and approved by the Group Executive Board and the Board of Directors, see → [G4-45](#).

#### **G4-43 Measures to further enhance the top management's and Board of Directors' related know-how on economic, ecological, and social topics**

Internal business processes are designed to ensure continuous improvement and innovation. These values are closely associated with the Geberit brand. At the same time, stakeholder concerns are taken seriously, and the Group Executive Board and Board of Directors receive feedback and input for the continued development of the sustainability strategy as part of the stakeholder panel, for example.

Every year, the Board of Directors undertakes at least one assessment of the way in which it works together. This includes an assessment of how well-informed the members of the Board of Directors are about the Group and its business performance, see → [organizational regulations of the board of directors](#).

#### **G4-44 Processes for evaluation of the sustainability performance of the Board of Directors**

Geberit's longstanding success is based on the fact that, together with the Board of Directors, the Group Executive Board pursues a long-term perspective, thus enabling the company to demonstrate its performance clearly in areas including sustainability. There is no formal procedure for assessing the performance of the Board of Directors from an integrated sustainability perspective. As part of the annual review of the sustainability strategy, findings are discussed and areas where action is needed are determined, see → [G4-45](#).

Geberit's remuneration policy states that remuneration programs must be balanced between the reward of short-term success and long-term value creation. For information about the remuneration of the management bodies, see → [Business Report > Remuneration report](#).

#### **G4-45 Board level procedures for overseeing sustainability performance**

The → [Sustainability Strategy](#) is examined and approved by the Group Executive Board and the Board of Directors. Results and the achievement of objectives are submitted to the Group Executive Board and Board of Directors for verification at least once annually. This also comprises the → [Communication on Progress UN Global Compact](#) and the Geberit Compliance Report, including the audit results with respect to the Code of Conduct.

In 2014, Geberit consulted an → [external Stakeholder Panel](#) for the second time. Its mandate consisted of providing feedback on the sustainability strategy and sustainability communication, as well as the associated risks and opportunities. This input is used for the strategic review and continued development of the company.

#### **G4-46 Assessment of the effectiveness of sustainability related risk management procedures**

Based on the Organization Regulations of the Board of Directors, the Audit Committee has implemented a comprehensive system for monitoring and controlling the risks linked to the business activities. This process includes the risk identification, analysis, control and reporting.

Operationally, the Group Executive Board is responsible for the controlling of the risk management. In addition, responsible persons are designated in the company for significant individual risks. These responsible parties decide on specific actions for the risk management and monitor their implementation. Every other year, the Internal Audit Department issues a risk report for the attention of the Board of Directors. Significant risks are also constantly discussed in the meetings of the Group Executive Board and Board of Directors, which take place on a regular basis.

For an overview of the Geberit compliance system, see → [Business Report > Business and financial review > Compliance](#).

#### **G4-47 Frequency of review of risks and chances in the area of sustainability**

The impacts, risks and opportunities are discussed by the Group Executive Board and Board of Directors annually in connection with the → [Materiality analysis](#) and the → [Sustainability Strategy](#).



#### **G4-48 Review and approval of sustainability reporting**

Sustainability reporting is examined and approved by the Board of Directors and Group Executive Board as part of the integrated annual report.

#### **G4-49 Procedure for communicating crucial concerns to the Board**

The Board of Directors is available at any time to address the concerns of stakeholders and shareholders.

#### **G4-50 Nature and total number of critical concerns communicated to the Board**

Matters brought by shareholders before the General Meeting will be dealt with in accordance with the Articles of Incorporation. In addition, only a very small number of matters were submitted directly to the Board of Directors in 2014. It proved possible to discuss and to settle these matters directly with the individuals concerned. There are no significant matters outstanding at the present time.

#### **G4-51 Remuneration policies for highest governance body's**

Geberit publishes a detailed annual Remuneration Report, which discloses the precise points of its remuneration policy, see → [Business Report > Remuneration report](#).

#### **G4-52 Process for determining remuneration**

Geberit publishes a detailed annual Remuneration Report, which discloses the precise points of remuneration to the Board of Directors and Group Executive Board, see → [Business Report > Remuneration report](#).

#### **G4-53 Handling of stakeholder views on remuneration**

In advance of the 2014 General Meeting, the transparency of the remuneration system was improved and stakeholder concerns addressed, see → [Business Report > Remuneration report](#).

#### **G4-54 Annual total compensation ratios**

The ratio of the annual remuneration paid to the highest-paid employee to the level of annual remuneration for all employees (excluding the highest-paid employee) was 25.0 in Switzerland, 5.2 in Germany, 3.6 in Austria and 3.2 in Italy.

#### **G4-55 Annual compensation related percentage increase ratios**

The ratio of the percentage increase in annual remuneration paid to the highest-paid employee to the level of the percentage increase in annual remuneration for all employees (excluding the highest-paid employee) was 8.8 in Switzerland, 2.1 in Germany, 2.3 in Austria and 8.8 in Italy.

## 7. Ethics and Integrity

### G4-56 General principles and code of conduct

The most important central guidelines and fundamental values are summarized in the Geberit Compass. This provides the framework within which this global organization is to achieve its vision and objectives.

As a multinational group and one of the world's top performers in the field of sanitary technology, a clear code of conduct is required if Geberit is to work successfully with internal and external individuals and institutions. These principles are laid down for employees in the [→ Geberit Code of Conduct](#), which was revised in 2014. Geberit also operates in accordance with the ten principles of the UN Global Compact.

Other specific guidelines that are important to Geberit are the:

- [→ Geberit safety policy and principles](#)
- [→ Geberit Code of Conduct for suppliers](#)
- [→ SQS and IQNet certificate ISO 9001/14001](#)
- UN Guiding Principles on Business and Human Rights

### G4-57 Mechanisms for securing ethical and lawful behavior

Geberit has established an effective compliance system to ensure that its conduct is both ethical and in compliance with the law. Action on compliance focuses on the five key topic areas of "antitrust legislation", "corruption", "employee rights", "product liability" and "environmental protection", see [→ Business Report > Business and financial review > Compliance](#).

Conformity with the Code of Conduct for employees is subject to binding controls each year. All Geberit Group companies receive around 50 questions on the five above-mentioned topic areas. In addition, on-site audits are performed by the Internal Audit Department and corrective measures taken in the event of misconduct. The audits also comprise special interviews with the managing directors of the individual companies on the topics mentioned in the Code of Conduct. The respective information is verified. The findings from the survey and audits form the basis for the annual Compliance Report submitted to the Group Executive Board and are published in accordance with the guidelines of the Global Reporting Initiative (GRI) in this report.

### G4-58 Mechanisms for reporting concerns regarding unethical or unlawful behavior

The Board of Directors and Group Executive Board are available at any time to address the concerns of stakeholders.

Employees who openly address irregularities which represent breaches of applicable law, ethical standards or this Code of Conduct are acting correctly and in accordance with the Geberit Code of Conduct. As a general rule, employees should seek a personal meeting with their supervisor. The [→ Geberit Integrity Line](#) is available to all employees as a whistleblower hotline. This service is intended to enable employees to anonymously report cases such as sexual harassment or when a corrupt payment is being covered up. The Integrity Line is operated by an external company with experience in this area, and is available around the clock seven days a week.

## 8. Economy (EC)

### 8.1 Economic Performance (EC)

#### Management Approach - Economic Performance

As a key objective of the company, the economic performance of the Geberit Group is under the strategic control of the Board of Directors and the operational management of the Group Executive Board (aspects economic performance, market presence, indirect economic effects).

A clear strategy and its consistent implementation are crucial for long-term success. The tried-and-tested strategy rests on four pillars:

1. Focus on sanitary technology
2. Commitment to innovation
3. Selective geographic expansion
4. Continuous optimization of business processes

For detailed explanations of the four strategic pillars, see → [www.geberit.com](http://www.geberit.com) > Company > Vision and Strategy.

For a discussion of the economic position of the Geberit Group, see → [Business Report > Business and financial review](#).

#### G4-EC1 Economic performance

Significant indicators for the generation and distribution of value in accordance with the GRI requirements can be found in the financial report:

##### Direct Economic Value Added

- Sales and operating profit, see → [Financial Report > Consolidated financial statements Geberit Group > Income statements](#).

##### Economic Values Passed On

- Operating expenses excl. personnel expenses, see → [Financial Report > Consolidated financial statements Geberit Group > Income statements](#).
- Personnel expenses, see → [Key figures Sustainability > Employees and society](#).
- Payments to providers of capital, see → [Financial Report > Consolidated financial statements Geberit Group > Statements of cashflows](#).
- Social commitment, see → [G4-EC7](#).

##### Retained Economic Values

- Investments in and divestments of property, plants and equipment, see → [Financial Report > Consolidated financial statements Geberit Group > Income statements](#).
- Share buyback, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 22](#).

#### G4-EC2 Financial implications of climate change

The Intergovernmental Panel on Climate Change (IPCC) presented its most recent report at the end of March 2014. The message contained in the IPCC report is unequivocal: Global warming is a reality, and climate change is impacting on the availability of water resources worldwide. In 2010, the World Bank forecast that the adjustment to an increase in temperature of the global climate of two degrees Celsius between 2020 and 2050 would cost between USD 70 and 100 billion per year. 20 percent of this is attributable to water supply and flood protection measures. Around a third of the global population is already living in regions in which water resources are scarce. Europe is increasingly affected, especially the southern and eastern Mediterranean region where, according to the European Commission's Green Book, available water resources will halve within the next 50 to 100 years. For people in economically weak regions in particular, this trend is often associated with a lack of drinking water, hygiene problems caused by waste water and slower economic growth. Sustainable water use is essential for ensuring viable social and economic development around the world. Water is of central importance for nutrition, health, the environment, the economy and energy production. Sensible water management therefore calls for cross-sector solutions.

These trends will determine the sanitary technologies of the future. Water-saving, resource-efficient products will become increasingly important. Geberit is taking advantage of the opportunity to meet the growing worldwide demand for water-saving products and to contribute towards the diligent handling of water, thus making a name for itself as a leader in sustainability. Products classified as special water-saving products already make a substantial contribution to Group sales.

Compared to these relatively high chances of success, Geberit is exposed to an average risk of natural disasters triggered by climate change which can fundamentally affect production areas or transport areas. None of the production sites is particularly at risk in this respect, however. As Geberit does not operate in the classically energy-intensive industries, there are currently no special CO<sub>2</sub> regulations such as statutory emission limitations. On the other hand, Geberit is indirectly affected by higher energy or raw materials prices and by generally increasing requirements in terms of energy management. With its internal energy master plan, the targeted introduction of the ISO 50001 energy management system, and the measures related to its CO<sub>2</sub> strategy (see → [aspect Emissions](#)), Geberit is reacting proactively and is working continuously on saving energy, improving its energy efficiency and reducing its CO<sub>2</sub> emissions. Thanks to these efforts, electricity consumption in 2014 was lower than that in 2006, even though currency-adjusted sales grew by 39% during the same period. In the same period, it was also possible to reduce absolute CO<sub>2</sub> emissions by around 19%. In this way, the company is saving on energy costs and reducing the risks associated with CO<sub>2</sub> emissions.

As far as corporate risks are concerned, the Audit Committee of the Board of Directors introduced a comprehensive system for the monitoring and management of the risks associated with the company's business activities, including the risk category CO<sub>2</sub> emissions, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 4](#).

#### **G4-EC3 Scope of the organization's defined benefit plan obligations**

The Geberit Group sponsors defined benefit plans for its employees in Switzerland, Germany, Austria and the USA. For further information, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 3 > Retirement benefit plans](#) and → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 17](#).

#### **G4-EC4 Significant financial assistance received from government**

Significant assistance received from the public sector includes:

- For information on income taxes, see → [Financial Report > Consolidated financial statements Geberit Group > Notes > Note 26](#).
- Investment subsidies for new investments to promote the respective business location and secure jobs: CHF 1.8 million (Slovenia: CHF 1 million, Switzerland: CHF 0.5 million, Germany: CHF 0.3 million).
- Contributions received to support training and part-time employment prior to retirement: CHF 0.2 million.

The public sector is not represented on the Board of Directors of the Geberit Group.

## **8.2 Market Presence (EC)**

### **Management Approach - Market Presence**

Geberit has grown from a family-run firm into a listed global company that has proven its ability to adapt to a rapidly changing environment. Geberit's characteristic values, skills and a shared understanding of products provide the business framework for the company's representatives in 41 countries. Within its core strategy (see → [Management approach economic performance](#)), Geberit's aim is to ensure that production plants and sales companies alike function well as units which enjoy a high degree of autonomy. A high level of acceptance among the local workforce is a fundamental part of this, thanks in part to an attractive pay structure and the involvement of local know-how at the management level.

### **G4-EC5 Ratio of standard entry-level wage compared to local minimum wage**

Geberit pays market-rate wages, taking into account local circumstances and laws. When selecting 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 17 production sites and at the sales companies are paid well above the minimum wage range. Stability and a high level of motivation among employees are important to Geberit. This is being encouraged at the new site in India, for example, by means of a comparatively attractive pay structure. The applicable requirements on minimum wages are well met.

### **G4-EC6 Procedures for local hiring**

Geberit has no personnel policy or employment practices providing for the preferential treatment of persons from local vicinities in connection with the hiring of members of management boards for the respective country organizations. However, Geberit would like to establish organizations at its production and sales sites that function on a local basis, which is why it always integrates locally appointed managers. For example, the sales companies in India and China are both headed by a managing director who has been recruited locally.

## **8.3 Indirect Economic Impacts (EC)**

### **Management Approach - Indirect Economic Impacts**

Indirect economic impacts arise primarily due to positive side-effects from direct economic action. Geberit aims to achieve sustained improvement in the quality of people's lives through innovative solutions in sanitary technology. The economy benefits from this in several respects: through the contribution to a durable, resource-efficient sanitary infrastructure, through know-how transfer in the sanitary industry, via impetus for the economy in regional economic areas, and through suppliers. There is no management approach to indirect economic impacts in the narrower sense. Instead, the company works with the stakeholders concerned to identify the best solutions in each case.

Geberit pursues a clear strategy as part of its social engagement, and therefore supports social projects each year that exhibit a relationship to the topic of water and sanitary facilities, as well as to Geberit's core competencies and corporate culture. Social projects also play an important role in training. Working on these projects provides Geberit apprentices with the opportunity to develop abilities and social skills that aid their personal and professional development. At the same time, social engagement also contributes to the implementation of the Millennium Development Goal of the United Nations, which has the aim of providing people worldwide with access to clean drinking water and basic sanitation.

### **G4-EC7 Investments in infrastructure and services primarily for public benefit**

Donations and financial contributions, including product donations, totaling CHF 3.3 million (previous year CHF 3.1 million) were made during the reporting year. In addition, Geberit employees contributed 2,770 hours of charitable work (previous year 1,340 hours). Geberit also supports facilities for disabled persons and long-term unemployed, where simple assembly and packaging work in the amount of around CHF 5.5 million was carried out in 2014 (previous year CHF 4.4 million). See also → [Key figures Sustainability > Employees and society](#).

The focus was on the following projects and partnerships in 2014:

- Conducting a → **social project** in Varanasi in northern India: Renovation of sanitary facilities at the Kiran Village, a training institution with boarding school for around 360 disabled children and young people.
- Continuation of the partnership with Helvetas on the topic of clean drinking water and sanitary facilities. This included holding a → **joint donations campaign** with Geberit employees to raise CHF 40,000 for four new wells in Mozambique, thus giving 3,000 people access to clean drinking water.
- Cooperation with the charitable organization "Swiss Water Partnership" to promote international dialog on the topic of water.
- Installing sanitary facilities at the new occupational therapy center for the mentally disabled at the Boscana Foundation in Barcelona (ES).
- Financial commitments to diverse social projects, including a substantial donation to LIV, a South African organization which provides care and shelter for orphans in purpose-built villages.
- Initiation of a corporate volunteering project for 16 employees at the Rapperswil-Jona (CH) site, enabling them to take part in the WARM (Water Resources Management) project in Nepal for two weeks.

#### **G4-EC8 Indirect economic impacts**

Geberit forms part of the value chain in the construction industry. It has significant indirect economic impacts "downstream" on the customer side at planners, plumbers and end users, as well as "upstream" at suppliers and transport companies. Continuous investment in 17 production plants in Europe, China, India and the USA, as well as the logistics center in Germany, will strengthen these individual economic areas.

Geberit know-how and products significantly reduce the burden on water and waste water systems. According to one model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 17,900 million cubic meters of water in comparison with traditional flushing systems. In 2014 alone, the water saved amounted to 2,128 million cubic meters. This is more than half of the annual consumption of all German households.

Geberit is committed to sustainable sanitary systems which, as elements in construction, help to shape infrastructure as a whole. For example, Geberit actively worked on adapting the applicable standard for the dimensioning of waste water piping to smaller diameters. This is important so that the full functionality of the piping system is ensured even with lower quantities of waste water. Geberit also supported WELL (Water Efficiency Label), a product classification system for water-saving and resource-efficient sanitary products that was introduced in 2011. Similar to its work in the field of waste water hydraulics, Geberit also played a major part in ensuring that topics such as noise insulation and fire prevention, as well as hygiene in drinking water and sanitary areas, have been developed to the benefit of the end user and laid down in standards and recommendations.

Geberit lends impetus to the sanitary industry with innovation and new products that are sold and implemented worldwide by wholesalers, plumbers and planners. During 2014 alone, around 30,000 customers were provided with education and further training on Geberit products and software tools in the 25 information centers in Europe and overseas, see → **Business Report > Business and financial review > Customers**. Education and training for 232 apprentices and students continues to be supported, as does research on sanitary technology and green building, by cooperation with institutions such as the Swiss Federal Institute of Technology (ETH) in Zurich (CH) and Tongji University (CN).

The indirect economic impacts on suppliers and transport companies are also significant. The Group's cost of materials in 2014 was CHF 646.0 million (previous year CHF 606.4 million). Geberit has relations with a total of more than 1,200 suppliers. The company does not have its own transport fleet and contracts external transport companies for logistics services.

## 9. Environment (EN)

Geberit has long stood for a high level of environmental awareness and been committed to environmentally friendly, resource-efficient production as well as the development of water-saving and sustainable products. Environmental criteria are considered in all decision-making processes. In addition, processes are continuously being optimized so that a proven high standard is achieved which often greatly exceeds legal requirements. Geberit's environmental principles are defined in the → [Code of Conduct](#).

Systematic, Group-wide environmental management takes center stage. This is the remit of the central Environment and Sustainability department. Guidelines and measures pertaining to all aspects of the GRI guidelines are coordinated here. Since 1992, a network of environmental managers has been practicing active environmental protection at the production plants, thus ensuring that the targets and measures laid down in the → [Sustainability Strategy](#) are implemented worldwide. The persons in charge at all locations meet at least once every year to exchange experiences and share best practice. The most recent meeting took place in September 2014.

All production sites and logistics as a whole work with an integrated management system and have a → [Group certificate in accordance with ISO 9001 \(quality\) and ISO 14001 \(environment\)](#). By mid-2016, all plants will also integrate the OHSAS 18001 standard for occupational health and safety management and individual sites will integrate the ISO 50001 standard for energy management. The first sites such as → [Lichtenstein](#) already set standards in 2014 with the certification of a fully integrated management system for quality, environment, energy and occupational health and safety. Software-based, uniform monitoring of the environmental performance, the energy master plan and occupational safety is carried out Group-wide.

The preparation of an annual corporate eco-balance has been an integral part of Geberit's environmental strategy since 1991. The corporate eco-balance covers 17 production plants worldwide, the logistics center in Pfullendorf (DE) and the seven largest sales companies. The corporate eco-balance permits an overall assessment of environmental impact in terms of eco-points.

The absolute environmental impact for the Group declined by 1.6% in 2014 (previous year decrease of 2.1%). This is due primarily to improved energy efficiency, an increase in the share of green electricity and a reduction in waste that damages the environment. Sales after currency adjustment grew by 6.4% in the same period. The relative environmental impact with respect to sales (currency-adjusted) improved by 7.5% and exceeded the target figure of 5%.

Detailed key figures on the environmental impact are provided at → [Key figures Sustainability > Environment](#).

### 9.1 Materials (EN)

#### Management Approach - Materials

The use of raw materials, semi-finished products and finished products with a global procurement value of CHF 646.0 million is a significant production factor for Geberit. At around 12,200 TJ, the consumption of "gray energy" associated with purchased materials is around 19 times the entire energy consumption of the production plants themselves. This emphasizes the importance of treating raw materials with care. The resource-efficient use of raw materials is determined as early as the product development process as part of eco-design workshops, see → [Management approach products and services](#).

#### G4-EN1 Materials used

The most important materials for production are plastic and metal raw materials, semi-finished products and finished products. A total of 198,229 metric tons of materials were used in 2014 (previous year 183,433 metric tons). Detailed key figures on the use of materials can be found at → [Key figures Sustainability > Environment](#).

For packaging materials used, see → [G4-EN28](#).

#### G4-EN2 Percentage of recycled material

When estimating the share of recycled material in production, a distinction is made between external and internal sources.

##### External sources:

The share of recycled material in purchased metals is relatively high. This data originates from the Wuppertal Institute for Climate, Environment and Energy (2008). Extrapolated, the raw material metal purchased contains around 28,000 metric tons of recycled material.

With plastics, virgin material is primarily used. The search for suitable, high-quality regranulate from external plastic waste is an integral part of Geberit's procurement strategy. In terms of the material ABS, a suitable alternative made of 100% recycled material was found. This alternative is based on high-quality plastic waste from the electronics industry (e.g. used computer cases). According to the supplier, the manufacture of this regranulate consumes over 80% less energy compared to the manufacture of a metric ton of new petrochemical-based plastic. Furthermore, between one to three metric tons less CO<sub>2</sub> are released into the atmosphere, depending on the material. In 2014, over 400 metric tons of ABS regranulate were used for the mounting frames for concealed cisterns. Thanks to an intelligent redesign, half of the material for the new OEM flush valve type 240 is made of high-quality ABS regranulate, representing a further increase in the volume used. The use of plastic regranulate is generally to be increased further and applied to other product areas.

##### Internal sources:

In terms of the raw material plastic, recycled material is primarily generated internally and is ground on site or via a decentralized mill and fed back into the process. The proportion fluctuates depending on the manufacturing process. For blow molding it is around 35%, for injection molding around 15%, depending on product class, and for pipe extrusion around 3%. This corresponds to a total of around 7,740 metric tons.

## 9.2 Energy (EN)

### Management Approach - Energy

With a share of 93.2%, the consumption of energy in the form of electricity, combustibles and fuels represents Geberit's greatest environmental impact. An energy master plan is being implemented in the largest plants to manage and plan energy consumption. This is based on the three pillars "energy saving", "increased energy efficiency" and the "targeted expansion of the share of renewable energy sources". With its energy master plan, Geberit is pursuing long-term aims. The share of combustibles from renewable sources should be increased to 25% (2014: 19%), and the share of electricity from renewable sources to 60% (2014: 37.4%) by 2020.

Energy management is practiced systematically and uniformly in production: Following on from Lichtenstein (DE), the Pfullendorf (DE) and Langenfeld (DE) plants were also certified according to the ISO 50001 standard for energy management for the first time in 2014. In addition, software introduced in 2012 permits the Group-wide monitoring of environmental impact and the energy master plan, as well as monthly monitoring of energy consumption.

For the development of energy-efficient products, see → [Management approach products and services](#).

### G4-EN3 Energy Consumption within the Organization

Geberit generally uses energy purchased externally. The direct energy carriers (Scope 1) include heating oil extra light, natural gas and the fuels diesel and gasoline. Consumption of natural gas was reduced by 12.3% (previous year increase of 4.8%) and heating oil consumption was reduced by 35.3% (previous year reduction of 31.0%). Fuel consumption fell slightly by 0.8% (previous year increase of 1.6%).

Since 2012, a block heating station has been in use in Pfullendorf (DE). This plant was fed by 8.8 GWh of regionally produced biogas in 2014. The electricity generated by the plant (3.2 GWh) is fed into the transmission grid and the resulting heat (4.1 GWh) can be used in production, thereby substantially reducing the use of natural gas. The efficiency of the plant is 83%.

At Geberit, only electricity consumption is significant for indirect energy consumption (Scope 2), and it simultaneously represents the greatest environmental impact. In terms of end energy, electricity consumption increased by 1.8% (previous year decrease of 1.5%), which was lower than the growth in production volumes. Electricity consumption was thus lower than in 2006, even though currency-adjusted sales grew by 39% during the same period. The share of purchased green electricity was increased by 2.4 GWh to 23.4 GWh in 2014 – meaning that renewable sources of energy now account for 37.4% of total electricity consumption (target 60%).

Since 2013, the roof area at the plant in Givisiez (CH) has been made available to an energy services provider for a 3,050 m<sup>2</sup> photovoltaic installation. It generated 0.5 GWh of electricity in 2014. However, this contribution is not included in the energy balance as the energy produced is managed by the regional energy supplier.

For detailed key figures on the consumption of combustibles and fuels (Scope 1), as well as electricity (Scope 2) and the electricity mix, see → [Key figures Sustainability > Environment](#). The calculation of energy data is based on the internationally recognized Ecoinvent database (version 2.0) and the individual continental electricity mix.

### G4-EN4 Energy Consumption outside of the Organization

Where the energy balance outside the organization is concerned, Geberit concentrates on purchased materials, intercompany and distribution logistics, and business travel.

In 2014, purchased materials resulted in "gray energy" consumption of around 12,200 TJ (previous year 10,670 TJ).

For the environmental impact caused by logistics, see → [G4-EN30](#).

Business flights have been recorded and included in the assessment since 2012. The flight distances are calculated according to the respective departure and arrival airports. The CO<sub>2</sub> emissions comprise direct and indirect emissions and are based on the Ecoinvent database (version 2.2), see → [G4-EN17](#).

### G4-EN5 Energy Intensity

Energy intensity is an important performance indicator at the production plants, and is monitored monthly in the form of a key figure. Those plants which are ISO 50001-certified have also introduced a more refined system of monitoring.

### G4-EN6 Energy saved

Important energy-saving measures in production include:

- the continuous modernization of the machine fleet
- the purchase of energy-efficient systems
- increasing the capacity utilization and efficiency of production installations
- the optimization of cooling systems through the use of natural ambient cold (free cooling, ground water)
- the improved use of waste heat available internally (heat recovery)
- the careful use of compressed air
- the insulation of buildings

Concrete examples show the clear efficiency gains that the reduction in relative energy consumption has been contributing to for years.

- The number of injection molding machines retrofitted with energy-efficient drive technology was increased in the reporting year from 94 to 109. Analyses show that a modified machine consumes over 40% less energy on average.
- Replacing an old blow molding machine in Pfullendorf (DE) with the latest machine technology contributes to a reduction in energy consumption of around 0.6 GWh per year. The central material distribution with integrated preheating of granulate was implemented at the same site. This results in savings of around a further 0.6 GWh per year.

- From 2015, a new raw material for the inner layer of Mepla pipes will be used at the plant in Givisiez (CH). While maintaining the very highest product quality for customers, this will reduce the consumption of water and natural gas by around 50%.
- By carefully planning new buildings, the company is also investing in the energy-efficient infrastructure of the future, for example at the new, → **top-modern plant in Ruše (SI)**. The site's sophisticated holistic energy concept includes the use of all waste heat from industrial processes as well as the complete absence of fossil fuels. The available ground water is used for cooling, while rainwater is collected and used both as fire fighting water and for watering the surrounding area.

#### G4-EN7 Energy-efficient products

The biggest environmental contribution by Geberit products lies in the conservation of water, which indirectly also saves on energy. A number of estimates illustrate the scale of this saving: According to the Ecoinvent database (version 2.1), some 9.3 MJ of energy are required and 0.61 kg of CO<sub>2</sub> emissions are released per cubic meter for the conveyance, processing and distribution of water and the subsequent treatment of the waste water in a wastewater treatment plant. The → **water footprint** calculated for Geberit shows that nearly 100% of water consumption is attributable to the usage phase. The water volume saved owing to Geberit products is enormous: According to one model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 17,900 million cubic meters of water in comparison with traditional flushing systems. These water savings go hand-in-hand with substantial energy savings.

Direct energy savings when using the products are made possible thanks to systematically improved energy efficiency. Current examples include:

- The new → **shower toilet Geberit AquaClean Mera Comfort**, a premium-class complete solution featuring the highest levels of comfort. The patented WhirlSpray shower technology ensures particularly thorough, gentle cleaning while virtually halving water and energy consumption. The hybrid hot water technology with continuous flow heater and boiler only heats the water spray when required. The odor extraction unit now works with a long-life catalytic filter that needs to be replaced less often. Despite these additional comfort functions, the energy consumption is comparable to that of the AquaClean 8000plus.
- The → **Monolith Plus** sanitary module sets new standards in both comfort and style, while permitting a high degree of energy efficiency: its integrated odor extraction unit means window ventilation is no longer required and a considerable amount of energy can be saved.
- The Geberit actuator plate Sigma70, which was launched on the market in 2014, distinguishes itself through its refined elegance and a patented servo technology that does not require an external energy source due to its use of pipe pressure. Thanks to this technology, a gentle press suffices to trigger the dual flush.

### 9.3 Water (EN)

#### Management Approach – Water

The → **water footprint**, which covers Geberit's entire value chain, shows that nearly 100% of water consumption is attributable to the use of the products, while the manufacture of the products by Geberit accounts for less than 0.1% of water consumption. For the development of water-saving products and Geberit's commitment beyond product development, see → **Management approach products and services**.

The corporate eco-balance shows a similar picture. Here, water consumption and subsequent waste water treatment also account for only a minor share – 0.8% – of the company's environmental impact. Despite this, Geberit also aims to serve as a role model with respect to its own water consumption and to further optimize its water consumption every year. This includes measures such as reusing water in laboratories, optimizing fresh water test runs in development, and process optimization.

#### G4-EN8 Water consumption

Geberit mainly uses fresh water from the public water system, together with well water and rainwater. Thanks to targeted saving measures, the consumption of fresh and well water has been reduced by 39% since 2006 and is now leveling out at a low level. In 2014, water consumption amounted to 131,289 m<sup>3</sup> (previous year 131,938 m<sup>3</sup>), confirming that Geberit is on track to meet its long-term target of reducing consumption by 5% per year.

Key figures concerning water consumption by source can be found at → **Key figures Sustainability > Environment**.

#### G4-EN9 Water sources significantly affected by withdrawal of water

Geberit production plants' water consumption does not place a considerable burden on water sources as defined in the GRI guidelines.

#### G4-EN10 Water recycling

Throughout the Group, two processes are responsible for much of the water requirements:

1. During the production of multilayer pipes in Givisiez (CH), the pipes are cross-linked in autoclaves. A total of 26,405 m<sup>3</sup> (previous year 30,670 m<sup>3</sup>) of water was used for this purpose in 2014. Around 31% (previous year 31%), or 8,312 m<sup>3</sup> of this is fresh water; the remaining 69% was recycled internally.
2. Newly developed products are tested at the Geberit sanitary laboratory in Jona (CH). The tests require some 222,173 m<sup>3</sup> (previous year 130,700 m<sup>3</sup>) of water annually. Only around 2% or 3,742 m<sup>3</sup> of this is fresh water. The remaining 98% is used in a closed-circuit system.

Based on these two processes, the estimated proportion of recycled water in the Geberit Group is 62%.

### 9.4 Emissions (EN)

#### Management Approach – Emissions

A comprehensive CO<sub>2</sub> footprint has been calculated since 2012. The CO<sub>2</sub> footprint covers the entire value chain – from the provision of raw materials, the manufacturing of products at Geberit, logistics and use, right through to disposal. An analysis of the CO<sub>2</sub> footprint revealed that product use (66%) and the provision of raw materials (22%) are by far the largest sources of CO<sub>2</sub> emissions. During product use, the provision of water, treatment of waste water and generation of hot water play a central role. Production by Geberit accounts for only 3% of total CO<sub>2</sub> emissions. In comparison, the transport (1%) and disposal (8%) of the products also cause only few emissions.

Production emissions are recorded and analyzed in detail as part of the corporate eco-balance – CO<sub>2</sub> emissions are particularly crucial to Geberit. → **Other air emissions** (NO<sub>x</sub>, SO<sub>2</sub>, hydrocarbons etc.) are also recorded and calculated, but have a comparatively minor impact on the environment.



Under the established → **CO<sub>2</sub> strategy** the CO<sub>2</sub> emissions per sales (currency-adjusted) should be reduced by 5% per year on average between 2006 and 2015. Geberit is on track here, see → **G4-EN18**. In line with the “best-in-class” approach, ambitious long-term goals were drawn up at the end of 2012. Based on organic growth, CO<sub>2</sub> emissions should be reduced by 20% by 2020 compared with the base year 2000, in line with the EU target values. In addition, the share of combustibles from renewable sources should be increased to 25% and the share of electricity from renewable sources to 60% by 2020.

The measures for implementing the CO<sub>2</sub> strategy are based on the three pillars «energy saving», «increased energy efficiency» and «targeted expansion of the share of renewable energy sources», see also → **Management approach energy**.

The calculation of greenhouse gas data is based on the internationally recognized Ecoinvent database (version 2.1) and the continental electricity mix. The data covers the Scope 1 and 2 as well as Scope 3 to a certain extent as per the GHG Protocol (see The Greenhouse Gas Protocol (GHG) Initiative – A Corporate Accounting and Reporting Standard (revised edition, 2004) of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD)). The six leading substances as per the Kyoto Protocol (CO<sub>2</sub> fossil, CH<sub>4</sub>, N<sub>2</sub>O, HFC, PFC and SF<sub>6</sub>) were used for the calculation of greenhouse gas emissions and shown as a sum parameter (CO<sub>2</sub> equivalents or simply CO<sub>2</sub>).

#### **G4-EN15 Direct greenhouse gas emissions (Scope 1) and G4-EN16 Indirect greenhouse gas emissions (Scope 2)**

In absolute terms, CO<sub>2</sub> emissions (Scopes 1 and 2) decreased by 1.0% to 69,230 metric tons in 2014 (previous year 69,909 metric tons). They have been cut by 19% since 2006 – with the figure as high as 42% if currency-adjusted sales are taken into account. Geberit is thus on track to meet its long-term target.

At 76%, electricity consumption is by far the largest source of CO<sub>2</sub>, followed by combustibles and fuels. Just the purchase of 23.4 GWh of green electricity in Pfullendorf (DE), Daishan (CN), Givisiez (CH) and Weilheim (DE) reduces the CO<sub>2</sub> emissions by more than 13,915 metric tons.

Key figures concerning greenhouse gas emissions can be found at → **Key figures Sustainability > Environment**.

#### **G4-EN17 Other relevant greenhouse gas emissions (Scope 3)**

Where other indirect greenhouse gas emissions (Scope 3) are concerned, Geberit concentrates on the following categories:

- The raw materials used and the CO<sub>2</sub> emissions that result from them: 560,800 metric tons (previous year 489,400 metric tons).
- The provision of combustibles and fuels (in → **G4-EN15**, which accounted for some 2,032 metric tons from combustibles and around 2,231 metric tons from fuels in 2014).
- Logistics (see → **G4-EN30**), which caused a total of 28,282 metric tons of CO<sub>2</sub> emissions in 2014 (previous year 27,483 metric tons).
- Business travel by air, at 711 metric tons of CO<sub>2</sub> emissions (previous year 663 metric tons).

#### **G4-EN18 Greenhouse gas emissions intensity**

In relation to currency-adjusted sales, CO<sub>2</sub> emissions (Scopes 1 and 2) declined by 6.9% in 2014 – thus outstripping the annual target of 5%. Since 2006, relative CO<sub>2</sub> emissions have fallen by a total of 42% – meaning that Geberit is also on track to meet its targets for the long term.

For more detailed key figures concerning greenhouse gas emissions in relation to the Group's currency-adjusted sales, see → **Key figures Sustainability > Environment**.

#### **G4-EN19 Initiatives to reduce greenhouse gas emissions**

CO<sub>2</sub> emissions were cut by 679 metric tons (previous year 1,944 metric tons) in 2014. This reduction was the result of a series of specific measures.

In 2014, Geberit purchased another 2.4 GWh of certified green electricity, bringing the total to 23.4 GWh. Overall, renewable energy sources thus accounted for 37.4% of electricity (target figure for 2020: 60%).

The share of renewable energies when it comes to combustibles is also being increased gradually. An important milestone was reached in 2012 with the commissioning of the block heating station in Pfullendorf (DE), which was fed by 8.8 GWh of regionally generated biogas in 2014. This already brought the share of renewable energies for combustibles to 19% in 2014 (target figure for 2020: 25%).

Fuel consumption is determined primarily by the company's own fleet of cars. Since early 2008, binding guidelines have applied for the purchase of new vehicles with the goal of reducing consumption by 10% every three years until 2012. Since 2013, this fuel reduction plan for new vehicles has been increased to 5% per year to reach an emission value of 100 grams of CO<sub>2</sub>/km by 2020 as targeted by the EU. Furthermore, 99% of all diesel vehicles now have a particle filter.

Substantial volumes of CO<sub>2</sub> emissions can also be saved by consistently applying eco-design principles in new product development. A current example is the new OEM flush valve type 240. Thanks to an intelligent redesign, it was possible to increase the flush performance by 40% while also reducing the quantity of material used. In addition, half of the material is made of high-quality ABS regranulate. Indirectly, this means that almost 500 metric tons of CO<sub>2</sub> can be saved, corresponding to a saving of about 1 GWh of average European electricity.

Geberit promotes awareness among all employees for the promotion of environmentally friendly behavior. New employees receive training on the subject of sustainability at Geberit as part of their job orientation program. In the largest plants, this is also tailored to the target group of production employees.

All targets and measures for improving the CO<sub>2</sub> balance sheet are disclosed in detail as part of the company's participation in the Carbon Disclosure Project (CDP).

#### **G4-EN20 Ozone depleting substances**

Emissions of ozone-depleting substances, measured in CFC11 equivalents, can be calculated based on the Geberit Group's corporate eco-balance. The calculation includes both direct emissions from the burning of combustibles and fuels and process emissions (solvents), as well as indirect emissions resulting from electricity consumption.

Key figures on ozone-depleting substances can be found at → **Key figures Sustainability > Environment**.

#### **G4-EN21 NO<sub>x</sub>, SO<sub>x</sub> and other air emissions**

Emissions of NO<sub>x</sub>, SO<sub>2</sub>, NMVOC (non-methane VOC) and dust (PM10) can be calculated on the basis of the Geberit Group's corporate eco-balance. The calculation includes both direct emissions from the burning of combustibles and fuels and process emissions (solvents), as well as indirect emissions resulting from electricity consumption.

Key figures on these emissions are available at [→ Key figures Sustainability > Environment](#).

### **9.5 Effluents and Waste (EN)**

#### **Management Approach - Effluents and Waste**

According to the corporate eco-balance, waste disposal accounted for 4.8% of the environmental impact of production in 2014. All production plants have a Geberit management system, which provides the foundation for optimized processes. The reduction and safe handling of waste water and waste is integrated into this system. In particular, the environmental management system ensures that waste is sorted so that as much as possible is recycled, and as little as possible is incinerated or ends up at landfill sites.

#### **G4-EN22 Water discharge**

Geberit does not engage in the unplanned discharge of water. All resulting domestic waste water and all process waste water is treated. In 2014, 112,521 m<sup>3</sup> of waste water was generated (previous year 116,719 m<sup>3</sup> of waste water). Of this, 71% was domestic waste water that passes into the communal wastewater treatment plant (previous year 75%), and 2.5% (previous year 2%) was domestic waste water that is pretreated and fed into receiving waters. The remaining 26.5% (previous year 23%) is waste water that is pretreated and fed to a communal wastewater treatment plant. Waste water was not directly reused by third-party companies.

Key figures on waste water can be found at [→ Key figures Sustainability > Environment](#).

#### **G4-EN23 Waste**

In 2014, the total waste was 11,587 metric tons (previous year 12,118 metric tons). Of this, 85% was channeled to external recycling processes (previous year 84%). The measures focused above all on the further separation of waste and the reduction of mixed waste and hazardous waste. The following examples show that considerable progress was made in the past few years: In Weilheim (DE), the manufacturing waste was reduced by 80% in five years, mainly through the use of a new foaming facility. This pioneer project was tested and implemented in several stages. Central aspects include the use of rainwater for cleaning, which is then added to the foaming process as process water, and optimized cleaning cycles to prevent residues in the plant.

Key figures concerning waste by category are provided at [→ Key figures Sustainability > Environment](#).

#### **G4-EN24 Significant spills and contamination**

There were no significant spills of chemicals in the reporting period.

#### **G4-EN25 Transport of hazardous waste**

In 2014, 262 metric tons of hazardous waste (previous year 269 metric tons) were disposed of by incineration and 505 metric tons (previous year 956 metric tons) were recycled. At Geberit, all waste is disposed of and recycled by licensed disposal companies.

#### **G4-EN26 Effects of water discharges on bodies of water**

This indicator is not relevant to Geberit as no bodies of water are affected by significant water discharge from Geberit facilities as defined in the GRI guidelines.

### **9.6 Products and Services (EN)**

#### **Management Approach - Products and Services**

In addition to their quality, durability and high degree of water and resource efficiency, Geberit products also impress with their good environmental compatibility and high recyclability. The basis for sustainable products is a systematic innovation process in which the most environmentally friendly materials and functional principles possible are chosen, risks are minimized and a high level of resource efficiency is targeted for the production process as well as the product itself. Geberit regards eco-design as the key to environmentally friendly products. Employees from different disciplines take part in eco-design workshops so that each new product outperforms its predecessor in environmental aspects. The workshops involve systematic product analysis that covers the entire life cycle, a review of legal requirements and an analysis of competing products. Based on the findings of these eco-design workshops, new solutions are developed which are then adopted into the specifications for that product.

Specially created product life cycle assessments are important decision-making tools for development and provide arguments for the use of resource-efficient products. Detailed life cycle assessments have already been prepared for the following products: drainage/supply pipes, AquaClean 8000plus, AquaClean Mera Comfort, electronic lavatory taps type 185/186, concealed cisterns and urinal flush controls. The Environmental Product Declaration (EPD) in accordance with the new European standard EN 15804 is becoming increasingly important and can also be used directly for green building standards such as LEED. For example, the EPD for Geberit lavatory taps presents relevant, comparable and verified information about the product's environmental performance. A pilot project for the systematic recording of environmental data at the product level is currently underway, which should greatly simplify a further processing to EPDs and ecological product information.

The biggest environmental contribution by Geberit products also lies in the conservation of water. The analysis of the entire value chain in the form of a [→ water footprint](#) shows that nearly 100% of the water consumption is attributable to the product usage phase. The water savings are impressive: According to one model calculation, all dual-flush and flush-stop cisterns installed since 1998 have so far saved around 17,900 million cubic meters of water in comparison with traditional flushing systems. In 2014 alone, the water saved amounted to 2,128 million cubic meters. This is more than half of the annual consumption of all German households.

Geberit also advocates the economical use of water beyond processes and products. This can be seen by its collaboration in the development of the product classification system [→ WELL](#) (Water Efficiency Label) introduced in 2011, its collaboration within the group for standardization for the development of the new ISO 14046 water footprint standard and its active role in the dialog with stakeholders on the European ecolabel for WCs, urinals and lavatory taps.

#### G4-EN27 Mitigation of environmental impact of products

The environmental impacts of Geberit's products are improved continually through the consistent application of eco-design principles in product development. Examples that make a particular contribution to reducing environmental impact include:

- Since 2011, a new technological solution has been developed to simplify the conversion of the large flush volume on nearly all concealed cisterns from 6 or 9 liters to 4.5 liters. The gradual conversion of the product range is creating great potential for even more water conservation.
- The flow-optimized → **Sovent fitting** facilitates a simplified layout for waste water discharge stacks in high-rises, saving space, resources and costs all at the same time. The fitting ensures pressure compensation and increases the discharge rate by 40%. It also permits the use of relatively small-sized discharge stacks in very high buildings.
- The AquaClean Mera complete shower toilet solution: newly developed WhirlSpray shower technology reduces water and energy consumption while improving cleaning performance, leaving energy consumption unchanged despite more comfort functions, and reducing flush volume to 4.5 liters thanks to TurboFlush flush technology.
- The new Omega concealed cistern is available in three installation heights, and with extra-small actuator plates. In addition, the large flush volume can be set to 4.5 liters, meaning the product conforms to WELL class A.
- An optimized, material-saving design was developed for various fittings in the Mepla piping system. In addition to improved flow rates, this saved around 30 metric tons of gunmetal.
- Thanks to an intelligent redesign of the new OEM flush valve type 240 – which will be launched on the market in 2015 – it was possible to increase the flush performance by 40% while also reducing the quantity of material used. In addition, half of the material is made of high-quality ABS regranulate.
- Since 2013, the user manuals for the shower toilets have been provided to the main markets in only five instead of 22 languages. This change, which was initiated by environmentally conscious customers, reduces paper consumption by some 19 metric tons per year.

#### G4-EN28 Reclaimed packaging material

The following quantities are based on internal estimates at the sites: On the product side, approximately 7.1 metric tons of old products (mainly electrical equipment) were taken back and disposed of professionally in 2014. In some markets (DE, CH), parts of the multilayer drinking water pipes (Mepla) are also taken back. The exact quantity is not known, but is estimated to be around 9.5 metric tons Group-wide. In 2014, approximately 15,517 metric tons of packaging material were used, over 38% of which was collected and recycled by Geberit itself or by financed contract partners. The rest is disposed of and recycled on a country-specific basis.

### 9.7 Compliance Environment (EN)

#### Management Approach - Compliance Environment

In its → **Code of Conduct**, Geberit states that it will limit the environmental impact of its business activities to a minimum. This is achieved by means of consistent compliance with all applicable laws, internationally recognized guidelines and industry standards. With many of the initiatives that it implements, Geberit goes above and beyond legal and official requirements. Reviewing and ensuring compliance with the law is a mandatory element of ISO 14001 certification. Compliance with legislation is also monitored as part of the compulsory annual survey conducted at all Group companies.

#### G4-EN29 Sanctions due to non-compliance with environmental laws and regulations

No significant fines or non-monetary penalties were imposed in the reporting year.

### 9.8 Transport (EN)

#### Management Approach - Transport

Reliable, on-time product deliveries to the customer are an important core competence. For this reason, Geberit opened a state-of-the-art logistics center in Pfullendorf (DE) in 2010 and established an independent logistics unit a year later. This is already approaching its capacity limits, meaning a further expansion is planned. Geberit does not have its own fleet of vehicles, having outsourced this to external transport service providers. Inter-company and distribution logistics play a major part in Geberit's environmental impact, coming to around 35% of the total figure. Cooperation with the transport service providers is therefore of key importance. Partners agree to actively support Geberit in its efforts to use energy and packaging material efficiently and to reduce emissions. Furthermore the partners support Geberit by providing the data needed for the environmental reporting. The logistics calculator developed in 2010 facilitates the capture of data on the vehicle fleet composition, transportation performance and fuel consumption of all transport service providers, as well as the preparation of the annual eco-balance.

#### G4-EN30 Environmental impact of transport

In the reporting year, the largest transport service providers handled 181.0 million ton-kilometers (previous year 176.6 million ton-kilometers). This generated 28,282 metric tons of CO<sub>2</sub> emissions (previous year 27,483 metric tons). The increase in transport services and CO<sub>2</sub> emissions was mainly caused by the increase in sales and the related increase in transport volumes. The share of Euro 5 vehicles is high at 83%. Euro 6 vehicles have been compulsory for new vehicles since January 1, 2014, and already accounted for 8.4% of the total figure during 2014.

Where possible, Geberit takes the opportunity to shift truck traffic to rail. Since 2014, rail consignments have been used alongside road transport on the longest overland route in Europe, from Pfullendorf (DE) to Turkey. 80% of the goods transported from Italy and 50% of those transported to Italy are moved by train. The use of mega-trailers, which can carry an approximately 15% greater load volume, also increases energy efficiency: Compared with the previous year, the number of such transport runs was increased by 30 to 2,180. Geberit is also working on innovative solutions aimed at enabling a higher goods per truck ratio – i.e. increasing capacity utilization of the transport volume.

The pilot project with an environmentally friendly → **natural gas truck** running between Pfullendorf (DE) and Rapperswil-Jona (CH) was implemented end of 2013. The experience on this transport route proved positive. The pioneering project, which is being conducted in collaboration with a transport service provider and a truck manufacturer, is now being evaluated in detail. This will include an assessment of whether it can be transferred to other routes.

## 9.9 Supplier Environmental Assessment (EN)

### Management Approach - Supplier Environmental Assessment

See → [chapter Suppliers](#)

### G4-EN32 Screening of suppliers using environmental criteria

See → [chapter Suppliers](#)

### G4-EN33 Environmental impacts in the supply chain

See → [chapter Suppliers](#)

## 10. Labor practices (LA)

Geberit's most important ambassadors are its employees. They represent Geberit in their day-to-day contact with customers and many other stakeholders. To do so, they need to be aware of what their company stands for and what its objectives are. Geberit's central corporate and brand values are defined in the Geberit Compass. Geberit aims to act as a role model for ethically unimpeachable, environmentally friendly and socially responsible operations. The → [Code of Conduct](#) updated in 2014 fills this objective with tangible content and offers an authoritative source of guidance.

Responsibility for all important aspects of the GRI guidelines with respect to labor practices at the Geberit Group lies with the Head Corporate Human Resources who reports directly to the CEO.

### 10.1 Employment (LA)

#### Management Approach – Employment

First-rate employees are key to the success of Geberit. Not only the best, but also the right employees are to be acquired and retained. Geberit sees itself as a company with an open corporate culture that offers attractive international development opportunities at the interface between the craft, engineering and sales sectors, see → [Career > What we offer](#).

Employees enjoy attractive employment conditions. In 2014, salaries and social benefits amounted to CHF 483.9 million (previous year CHF 475.4 million). The employees can also participate in share participation plans at attractive conditions, see → [Consolidated financial statements Geberit Group, 18. Participation plans](#) and → [Remuneration report](#).

#### G4-LA1 Employee fluctuation

The average fluctuation rate (in terms of employees with permanent contracts, without natural departures and long-term leaves of absence) was 5.2% (previous year 4.1%). Including natural departures, it was 6.5% (previous year 5.5%). For key figures on fluctuation by age group, gender and region, see → [Key figures Sustainability > Employees and society](#).

#### G4-LA2 Benefits

Geberit essentially grants the same benefits to full-time and part-time employees. However, employees with temporary contracts are not always entitled to the same benefits as permanent employees. For example, employees in Switzerland with temporary employment contracts of less than three months are not insured in the pension fund. Geberit bases its employee benefits on country-specific standards.

#### G4-LA3 Return to work and retention rates after parental leave

Geberit implements the currently applicable legal framework conditions. It also attempts in individual cases to find solutions that are as suitable as possible for the affected person and their team.

100% of all permanently employed women are entitled to maternity leave, and 2.6% or 92 women made use of this in 2014. 78 (or almost 85%) returned to Geberit following their maternity leave and around 80% were still at Geberit one year after their return.

97% of all permanently employed men are entitled to paternity leave, and 1.6% or 57 men made use of this in 2014. 54 (or almost 95%) returned to Geberit following their paternity leave and around 74% were still at Geberit one year after their return.

### 10.2 Occupational Health and Safety (LA)

#### Management Approach – Occupational Health and Safety

The health and safety of employees is of major importance. Geberit has formulated the vision of an "accident-free company". By 2020, the accident rate is to be reduced by 50% compared with the base year 2010. For this purpose, a comprehensive master plan for occupational safety has been developed and adopted. The greatest potential lies in preventing accidents due to carelessness, and a focus is therefore being placed here on changes in behavior. All efforts are managed as part of the Geberit Safety System (GSS). Occupational safety is monitored at the production plants by means of monthly key figures, and is strongly integrated in the management culture.

All plants will integrate the OHSAS 18001 standard for occupational health and safety management by mid-2016.

The position of health manager was newly created in 2014 at the largest site in Pfullendorf (DE) in order to provide fresh impetus to occupational health management. Successful occupational health management builds bridges between the objectives of the company and the needs of its employees. In particular, this also strengthens the vitality of the individual and of the team as a whole. A Vitality program was established to round off the areas of exercise and nutrition.

For objectives and measures concerning employees and occupational safety, see also → [Sustainability Strategy](#).

#### G4-LA5 Percentage of total workforce represented in health and safety committees

Each of the 17 production companies and logistics has a safety manager. Wherever possible and sensible, this function is combined with that of the environmental manager or closely linked from an organizational point of view. 91% of the employees at all production sites and 86% of all employees worldwide are represented through an occupational health and safety panel or safety committee in which employer and employee representatives can discuss occupational health and safety issues. As a rule, national standards for the country concerned are implemented.

#### **G4-LA6 Accidents, occupational illness and lost time**

The Group-wide absenteeism rate for the reporting year was 3.85% (previous year 4.10%); illness-related absences accounted for 3.75% of this rate (previous year 4.00%) and 0.10% was related to occupational accidents (previous year 0.10%). These figures are based on the hours effectively worked. In 2014, these amounted to 10,765,191 hours (previous year 10,661,572 hours). The statistics show only those occupational accidents that occur during working hours or business travel and lead to lost working time of more than one day. A total of 103 accidents were recorded (previous year 109 accidents), equivalent to 1,405 lost working days due to occupational accidents (previous year 1,325 lost working days). There were no serious or fatal accidents. Employees at Geberit are not exposed to a particularly significant extent with regard to occupational illnesses. This category is therefore not covered.

Furthermore, the accident frequency rate (AFR) and the accident severity rate (ASR) are recorded in a standardized manner. These rates are calculated as the number of accidents or the number of lost working days per one million hours worked. The AFR dropped by 5.9% to 9.6 (previous year 10.2) and the ASR increased by 5% to 130.5 (previous year 124.3). Geberit is therefore not yet fully on track in reducing the frequency and severity of accidents by 5% per year or by 50% between 2010 and 2020.

All key figures concerning the absenteeism rate by region can be found under [→ Key figures Sustainability > Employees and society](#).

#### **G4-LA7 Assistance regarding serious illnesses**

At Geberit, there are no operational activities involving a particularly high risk of contracting a serious illness or with a high incidence of illness.

As part of its Group-wide efforts to support employees' health and well-being, Geberit offers its employees precautionary healthcare opportunities through various offers and activities. These include, for example, sports facilities, anti-smoking training, health check-ups, massage services, dietary and health tips, and presentations on health-related issues. They also include reintegration counseling, which aims to get people back to work as soon as possible in the event of long-term illness. Managers are specifically trained in this respect. Examples of individual support include counseling in Rapperswil-Jona (CH) to assist with problems ranging from on-the-job pressure, partnership and family problems to debt issues, and the telephone helpline created in the USA to discuss problems at work in complete confidentiality.

#### **G4-LA8 Health and safety topics covered in agreements with trade unions**

Geberit attaches great importance to a high level of health and safety for its employees. To this end, it cooperates with authorities, trade unions and employers' liability insurance associations on a country-specific basis. Written agreements exist at all production companies and individual sales companies with parties such as trade unions and employee representatives that normally cover topics such as personal protective equipment, complaints procedures, regular inspections, education and further training and the right to refuse unsafe work.

### **10.3 Training and Education (LA)**

#### **Management Approach – Training and Education**

Qualified and committed employees are essential for the future success of Geberit. The company therefore sets particular store on the solid education and further training of all employees and on equal opportunities.

Young people can start their careers at Geberit with a commercial, industrial or technical apprenticeship. Whether plastics technologist or industrial clerk, the aim is to impart all the skills that are required for apprentices to pursue their chosen careers in a professional, independent and responsible manner.

New employees are introduced to the company and its products through various job orientation programs on joining the company. These range from individually designed introduction talks in various departments to the one-week basic course that provides practical knowledge about Geberit in small groups.

A focus is placed on the standardized global performance assessment, development and compensation process (PDC). The goal here is to reinforce the performance culture, increase transparency and better recognize and promote talent. Remuneration policies are based on standardized job assessments and salary levels for the relevant country. A central element of the process is that several supervisors assess the performance, development and compensation of an employee together. Although this group process is time-consuming, experience suggests a high level of acceptance and effectiveness. The PDC process was expanded in 2014 to include further employees on a country-specific basis and around 1,250 employees or 20% of the entire workforce are now involved.

#### **G4-LA9 Employee education and further training**

In the reporting year, employees across the Group attended on average around 16 hours of internal and external education and further training (previous year 17 hours). For key figures by gender and employee category, see [→ Key figures Sustainability > Employees and society](#).

In 2014, 232 apprentices (previous year 234) were employed. The transfer rate to a work position was 82%.

#### **G4-LA10 Programs for skills management and lifelong learning**

The Potentials Management process remains a priority. Its goal is to identify talent within the company and provide targeted support. Candidates for management functions within the Group are introduced to current issues from the core business as part of an "Action Learning" program. Young talents are prepared for their first management, project management or specialist functions. These measures are intended to ensure that at least half of the open management positions can be filled by internal candidates. In 2014, it was possible for 69% of all positions in Group management to be filled internally (previous year 70%).

The management training program at the International Institute for Management Development (IMD) in Lausanne for some 160 members of Group management was completed in 2014. The course was tailored individually to Geberit's needs and included further training on strategic management, leadership and finance. The participants also received assessment in the form of 360° feedback and were able to get to know Geberit better from a range of perspectives.

There were also 123 internships and 27 diploma placements offered in 2014.

For further information, see [→ Business Report > Business and financial review > Employees](#).

#### **G4-LA11 Performance and career development of employees**

In everyday working life, the personal and professional development of each individual employee is encouraged in a variety of ways. This covers all areas of work, functions and age groups. Around 80% of all employees received appraisal interviews in 2014 at which development opportunities were also identified and discussed.

### **10.4 Diversity and Equal Opportunity (LA)**

#### **Management Approach – Diversity and Equal Opportunity**

In its Code of Conduct, Geberit sets store on promoting diversity and a culture that enables all employees to contribute their full potential to the company. The company strives for diversity and promotes equal opportunities irrespective of gender, ethnic origin, skin color, age, religion and nationality.

Geberit pursues a fair and non-discriminatory employment practice in accordance with prevailing national and international law. Recruitment, training courses and promotions depend solely on individual achievements, skills and potential regarding the requirements of the position in question.

#### **G4-LA12 Workforce diversity**

The proportion of female employees at the end of 2014 was 31% (previous year 31%), and for senior management this figure was 6.9% (previous year 6.5%). The Board of Directors consists of five men.

For key figures on diversity in terms of gender and age structure, see → [Key figures Sustainability > Employees and society](#).

No further data on minority group membership is currently being collected as Geberit and its stakeholders do not consider this to be relevant.

### **10.5 Equal Remuneration for Women and Men (LA)**

#### **Management Approach - Equal Remuneration for Women and Men**

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 women and men is guaranteed as follows:

- Determination of salaries primarily according to function, evaluated in accordance with the proven Hay method. A score is calculated based on the assessment criteria know-how, problem-solving and accountability. The resulting number of points is the basis for determining the salary. This guarantees fair salary structures irrespective of gender.
- Binding wage agreements with set pay grades at many Geberit sites.

#### **G4-LA13 Gender-based differences in salaries**

According to the annual binding survey of all Geberit Group companies, no differences between the basic salaries of women and men exist anywhere within the Group.

An in-depth investigation carried out at four production companies in 2011 revealed no differences between the salaries of men and women. The investigation covered the pay levels of production employees within an established site in employee-friendly Germany, at a production site of many years' standing in Slovenia and at the two Chinese sites where employee protection and fair wages are largely the responsibility of the company itself.

### **10.6 Supplier Assessment for Labor Practices (LA)**

#### **Management Approach – Supplier Assessment for Labor Practices**

See → [chapter Suppliers](#)

#### **G4-LA14 Screening of suppliers using labor practices criteria**

See → [chapter Suppliers](#)

#### **G4-LA15 Impacts for labor practices in the supply chain**

See → [chapter Suppliers](#)

### **10.7 Labor Practices Grievance Mechanisms (LA)**

#### **Management Approach - Labor Practices Grievance Mechanisms**

Employees who openly address irregularities which represent breaches of applicable law, ethical standards or this Code of Conduct are acting correctly and in accordance with the Geberit Code of Conduct. The Group Executive Board of Geberit must be informed of problems in the area of integrity in order to be able to resolve these swiftly and reliably. By openly addressing such issues, these Geberit employees are contributing to their own protection, that of their colleagues and the protection of Geberit's rights and interests.

As a general rule, employees should seek a personal meeting with their supervisor. The → [Geberit Integrity Line](#) is available to all employees as a whistleblower hotline. This service is intended to enable employees to anonymously report cases such as sexual harassment or when a corrupt payment is being covered up. The Integrity Line is operated by an external company with experience in this area, and is available around the clock seven days a week.

#### **G4-LA16 Grievances about labor practices**

No major cases were reported through the Integrity Line in 2014. The few registered complaints were all dealt with and issues were settled swiftly.

# 11. Human rights (HR)

As part of the → **Geberit Code of Conduct** Geberit commits itself to upholding human rights. As a member of the UN Global Compact and on the basis of the UN Guiding Principles on Business and Human Rights, Geberit supports compliance with human rights both internally and at suppliers and partners. Geberit deploys a comprehensive compliance process for the implementation and review of compliance with the Code of Conduct, see → **chapter Society**.

In terms of information, the promotion of awareness and controlling, human rights issues related to the business activities of the Geberit Group are the responsibility of Corporate Human Resources for internal topics (aspects equal treatment, freedom of association and the right to collective bargaining).

With respect to measures and objectives in the Code of Conduct, see also → **Sustainability Strategy**.

## 11.1 Investments (HR)

### Management Approach – Investments

The UN Guiding Principles on Business and Human Rights apply to the business activities of Geberit. Geberit is active across the world, including in regions posing a certain degree of risk with regard to the upholding of fundamental employee and human rights. However, all Geberit Group companies throughout the world are integrated in the Geberit Compliance Program, which includes the upholding of fundamental employee protection and human rights. In addition, internal audits with compliance reviews take place at all companies of the Geberit Group.

### G4-HR1 Human rights aspects in investment agreements

In 2014, there was no investment agreement in countries or areas that pose a special risk in terms of human rights violations. Compliance due diligence will always form part of future investments so that a review of the individual situation is guaranteed.

Suppliers are fundamentally required by contractual agreement to comply with the special Code of Conduct for Suppliers that contains provisions for the protection of human rights, see → **Code of Conduct for suppliers**.

### G4-HR2 Human rights training for employees

In 2008, more than 98% of all employees received training on the topics contained in the Geberit Code of Conduct. Since 2009, all new employees have been receiving training in the Code as part of their introduction, with media such as training films developed especially for this. All employees worldwide have access to the Code of Conduct via the intranet. In addition, since 2012 contributions toward increasing awareness of the Geberit Code of Conduct have been published on the intranet.

## 11.2 Non-discrimination (HR)

### Management Approach – Non-discrimination

The → **Geberit Code of Conduct** forbids discrimination as defined in the ILO core labor standards. Geberit does not tolerate either discrimination or workplace bullying on the basis of race, gender, religion, creed, nationality, disability, age, sexual orientation, physical or mental handicap, marital status, political views or other characteristics protected by law. Geberit aims to ensure a safe working environment for its employees. All forms of workplace violence, including threats, threatening gestures, intimidation, attacks and similar forms of behavior are forbidden. Compliance with the Code is verified annually as part of a binding Group-wide survey. The Geberit Integrity Line is available to all employees as a whistleblower hotline, see → **Labor practices grievance mechanisms**.

### G4-HR3 Cases of discrimination

No significant cases of discrimination were reported via the anonymous Integrity Line and other informal complaints procedures in 2014. There was one case of sexual harassment that was settled amicably with the parties concerned.

## 11.3 Freedom of Association and Collective Bargaining (HR)

### Management Approach – Freedom of Association and Collective Bargaining

Employees are completely free to join trade unions, associations and similar organizations. No rights with respect to exercising freedom of association or collective bargaining as defined in the ILO core labor standards and the UN Global Compact are subject to restriction at the Geberit Group.

### G4-HR4 Guarantee of freedom of association and collective bargaining

According to the annual, binding and Group-wide survey, no infringements of the guarantee of freedom of association and collective bargaining were identified in 2014.

## 11.4 Child Labor (HR)

### Management Approach – Child Labor

Geberit's exposure with respect to child labor is considered low because of its industry, business model (three-stage distribution channel, no project business) and the countries in which business activities are carried out as well as its high quality requirements. Geberit commits itself to the protection of human rights in its Code of Conduct. Child labor is categorically rejected.

The basic principles set out in the → **Code of Conduct for suppliers** explicitly include compliance with the ILO core labor standards for the exclusion of child labor.



#### **G4-HR5 Risk of and precautionary measures against child labor**

According to the annual, binding Group-wide survey there were no cases of child labor revealed in 2014. There were likewise no such cases arising during the audits carried out at suppliers.

### **11.5 Forced or Compulsory Labor (HR)**

#### **Management Approach – Forced or Compulsory Labor**

Geberit's exposure with respect to forced or compulsory labor is considered low because of its industry, business model (three-stage distribution channel, no project business) and the countries in which business activities are carried out as well as its high quality requirements. Geberit commits itself to the protection of human rights in its Code of Conduct. Forced or compulsory labor is categorically rejected.

The basic principles set out in the → [Code of Conduct for suppliers](#) explicitly include compliance with the ILO core labor standards for the exclusion of forced or compulsory labor.

#### **G4-HR6 Risk of and precautionary measures against forced labor**

According to the annual, binding Group-wide survey there were no cases of forced or compulsory labor revealed in 2014. There were likewise no such cases arising during the audits carried out at suppliers.

### **11.6 Human Rights Assessment (HR)**

#### **Management Approach – Human Rights Assessment**

With respect to the requirements and implementation of the Geberit compliance system, see → [chapter Society](#).

#### **G4-HR9 Operations subjected to human rights reviews or impact assessments**

The upholding of human rights is subject to a binding survey at all Geberit Group companies each year as part of reporting on the Code of Conduct.

The topic of human rights as part of compliance is a component of the audit program for the periodic inspections of the production plants and sales companies by the Internal Audit Department. In 2014, the Internal Audit Department audited a total of 15 companies.

### **11.7 Supplier Human Rights Assessment (HR)**

#### **Management Approach – Supplier Human Rights Assessment**

See → [chapter Suppliers](#)

#### **G4-HR10 Screening of suppliers using human rights criteria**

See → [chapter Suppliers](#)

#### **G4-HR11 Human Rights related impacts in the supply chain**

See → [chapter Suppliers](#)

## 12. Society (SO)

The → **Geberit Code of Conduct** describes the basic principles that have to be met in order to be an exemplary, reliable and fair business partner and employer. The content of the Code of Conduct was updated in 2014 and will be rolled out for the employees in 2015. In order to guarantee compliance with the requirements of the Code of Conduct, Geberit has established an effective compliance system that focuses on compliance in the five key topic areas "antitrust legislation", "corruption", "employee rights", "product liability" and "environmental protection". In practice, the system comprises various elements such as guidelines, continuous training, job orientation for new employees, e-learning campaigns, info circulars, compliance-related audits and the → **Geberit Integrity Line**, a whistleblower hotline for employees launched in 2013.

Anti-corruption, anti-competitive behavior and statutory compliance requirements are particularly important aspects in the category Society. Legal Services is responsible for their implementation.

As part of reporting on the Code of Conduct for Employees, compliance with the regulations set out there is subject to binding controls each year. All Geberit Group companies receive around 50 questions on the five above-mentioned topic areas. In addition, on-site audits are performed by the Internal Audit Department and corrective measures taken in the event of misconduct. The audits also comprise special interviews with the managing directors of the individual companies on the topics mentioned in the Code of Conduct. The respective information is verified. The findings from the survey and audits form the basis for the annual Compliance Report submitted to the Group Executive Board and are published in this Sustainability Performance Report. An in-depth audit in the area of compliance was additionally carried out by the Internal Audit Department in 2014 in cooperation with an external partner.

With respect to the measures and objectives concerning the Code of Conduct, see also → **Sustainability Strategy**.

### 12.1 Anti-Corruption (SO)

#### Management Approach – Anti-Corruption

As a member of Transparency International Switzerland and the UN Global Compact, Geberit is committed to high standards in combating corruption. There are clear guidelines for the purposes of prevention and employees receive training in this area. Compliance with the guidelines is monitored as part of an annual binding survey at all Geberit Group companies (see the individual indicators for the results). Internal auditing is supplemented by on-site audits. In the event of misconduct, corrective measures are taken.

#### G4-SO3 Analysis of business units for risks of corruption

According to the annual binding survey carried out at all Geberit Group companies, there were no cases of corruption in 2014.

The topic of corruption is also a component of the audit program for the periodic inspections of the production plants and sales companies by the Internal Audit Department. The annual audit planning of the Internal Audit Department is oriented to risks. Each company is audited at least every five years, or considerably more frequently if it has a heightened risk profile. In 2014, the Internal Audit Department audited a total of 15 companies. This represents approximately one third of all Geberit companies. No cases of corruption were discovered in these audits.

In addition, approximately two to three in-depth audits are carried out each year, whereby the audit focus is on the processes of Group-wide functions. One of these in-depth audits covered the topic of compliance with the support of an external partner. The audit concluded that Geberit essentially had a good and effective compliance organization that covered the risk areas relevant for Geberit in a practical manner.

#### G4-SO4 Training on anti-corruption policies

In 2008, more than 98% of employees were informed of and trained in the Code of Conduct. With the aid of short films ("animatics"), the training focuses on gray areas in four topics of relevance: bribery (corruption), sexual harassment, workplace bullying and IT misuse. In 2014, as before, new employees were also trained accordingly as part of the Welcome events. In addition, since 2012 contributions toward increasing awareness of the Geberit Code of Conduct have been published on the intranet.

#### G4-SO5 Actions taken in response to incidents of corruption

No measures were necessary, as no cases of corruption were revealed in 2014.

### 12.2 Anticompetitive Behavior (SO)

#### Management Approach – Anticompetitive Behavior

According to the → **Materiality analysis**, the prevention of anti-competitive behavior is a most material aspect. Cartels of any kind and other anti-competitive behavior are categorically rejected.

The training on antitrust legislation was continued in 2014. In Germany, all new employees received training and 12 seminars were provided for training internal and external sales staff. A focus was placed on the topic of Internet sales. In Austria, the management received training on antitrust legislation issues. Training and seminars, including e-learning programs, will be continued in the Geberit Group companies in Europe in 2015.

#### G4-SO7 Anti-competitive behavior

There were no pending complaints alleging anti-competitive behavior in the reporting year.

### 12.3 Compliance (SO)

#### Management Approach – Compliance

The → **Geberit Code of Conduct** requires Geberit to comply with all local, national and international laws, directives and internationally recognized standards concerning business activities. The minimum statutory requirements are often exceeded here. This applies not only to business activities within a given country or area but also to matters outside the country if these have a significant impact on the competitive situation of the country or area.

#### G4-SO8 Sanctions due to non-compliance with regulations

Geberit incurred no fines in 2014 resulting from violations of statutory requirements.

### 12.4 Supplier Assessment for Impacts on Society (SO)

#### Management Approach – Supplier Assessment for Impacts on Society

See → **chapter Suppliers**

#### G4-SO9 Screening of suppliers using criteria for impacts on society

See → **chapter Suppliers**

#### G4-SO10 Significant impacts on society within the supply chain

See → **chapter Suppliers**

# 13. Product responsibility (PR)

## 13.1 Customer Health and Safety (PR)

### Management Approach – Customer Health and Safety

For Geberit, high quality standards mean fulfilling customers' requirements in terms of functionality, reliability and application safety to the greatest possible extent. The company is guided by the zero-error principle. Corporate Quality Management is responsible for ensuring that suitable framework conditions promote a quality culture throughout the company, and that all employees act in a quality-conscious and independent manner.

Products undergo a defined optimization process from the first draft. Product Development is responsible for ensuring that the products developed are safe and user-friendly, and that they comply with all standards and statutory requirements. As an independent department, Quality Management is responsible for defining, arranging and monitoring all necessary inspections to ensure that these requirements are met. A clear organizational distinction is drawn between development and quality management. In addition, many products are also examined by external authorization bodies.

Following market launch, an efficient handling of complaints with integrated error analysis, the initiation of sustained corrective measures and the continuous development of concepts for customer support takes place in cooperation with Sales, Production and Development. Geberit has achieved a high standard in the processing of complaints, and reacts directly and in a solution-oriented manner in each individual case.

When it comes to training its employees on Geberit products, competition, standards, industry or core topics, Geberit relies on a bundle of measures: These include a Group-wide e-learning platform rolled out in the fall of 2012 as well as global product training by specially trained instructors.

Product Development and Quality Management are responsible for customer health and safety.

### G4-PR1 Health and safety impact along the product life cycle

Generally speaking, Geberit products and services involve low risks for customers in terms of health and safety. Geberit nevertheless adopts a preventive approach within the scope of its comprehensive quality planning in order to test and ensure the health and safety requirements of all products from development to certification, through manufacture and storage, to use and disposal. Among other things, Quality and Safety Management include an FMEA (Failure Mode and Effects Analysis) as a precautionary measure to prevent errors and increase the technical reliability of products. Eco-design workshops are held in the course of product development in order to optimize the use of suitable and ecological materials. If the products or their use involve an increased risk to health or safety, Geberit's technical editorial staff ensures that this is communicated appropriately to customers (see → G4-PR3).

### G4-PR2 Non-compliance with health and safety regulations

Throughout the Group, there have been no court judgments or warnings against Geberit involving contraventions of regulations on the health and safety of products and services or product and service information.

## 13.2 Product and Service Labeling (PR)

### Management Approach – Product and Service Labeling

Corporate Marketing is responsible for the labeling of products and services.

Conveying product and application information in accordance with standards and target groups is one of the main tasks of the Technical Documentation, a department of Group Marketing at Geberit. A comprehensive portfolio of various document types and publication channels is available for this purpose. In the area of assembly and installation, Geberit focuses on multicultural and generally understandable images comprising detailed illustrations and guiding symbols. On top of this, more far-reaching fundamental information is provided for the architect and engineer target groups via comprehensive handbooks and skills brochures. In addition, product and/or safety data sheets are available for each product and for all target groups.

The end user target group is becoming more and more important in the conveying of product information, as Geberit is offering this target group increasingly modern and innovative products. Geberit ensures safe handling and labeling in accordance with standards by means of detailed operating documentation based on the prevailing standards and laws.

At the forefront are around 500 technical advisors working in field service at the local sales companies. Training is another important instrument in retaining customers. During the reporting year, around 30,000 customers were provided with education and further training on Geberit products and software tools in the 25 information centers in Europe and overseas. Additionally, external events provide a special setting for training courses offered in cooperation with partners. Once again around 70,000 customers became more familiar with Geberit know-how and products in this way in 2014. In order for these customer events and training courses to be successful, it is not just the content that has to be constantly updated. In addition to the traditional focus on those in the trade, an increasing orientation towards end users requires the information to be tailored as specifically as possible to the different requirements of the target groups.

#### **G4-PR3 Product labeling**

Products involving the use of electricity, gas or dangerous substances – or those containing such substances – need to be appropriately labeled in accordance with the prevailing standards and laws. This includes providing information about the target group and its qualifications as well as the intended use and the existence of substances subject to labeling requirements. The distributor must publish this information in a national language of the target market in accordance with the prevailing laws and regulations. Whenever possible, plastic components must feature material labeling in order to facilitate recycling.

In 2013, the European Commission formally agreed upon the criteria for an ecolabel aimed at reducing water consumption in European toilets. This label will be awarded to toilets that – in addition to fulfilling other requirements – use a maximum of five liters per toilet flush and therefore contribute to significantly reducing the average water consumption per toilet flush. The → **WELL Label (Water Efficiency Label)** introduced in 2011 by the European umbrella organization for valve manufacturers (EUnited) already provides incentives for exceeding these requirements. Of the nine Geberit product groups already certified, eight are represented in the A class and one in the B class. These product groups account for over 20% of Group sales. This water-efficiency label has been added to packaging and specified in the catalogs since 2013.

#### **G4-PR4 Non-compliance with labeling requirements**

In the reporting period, there were no known cases of violation of applicable laws or voluntary codes.

#### **G4-PR5 Customer satisfaction**

The Geberit concealed cistern celebrated its 50th anniversary in 2014. With 60 million cisterns sold to date, the plumbers, technical planners and wholesalers turned the innovation that Geberit introduced on the market in 1964 into a real success story. A whole series of events was held to mark the event. The highlight was the five gala evenings in Duisburg and Stuttgart (DE), Bern (CH), Birmingham (UK) and Amsterdam (NL) to which Geberit invited its most important customers and partners, which included an outstanding meal and a creative stage show. A total of 3,800 guests attended. The gala evenings with their exceptional show elements were also a milestone for Geberit in terms of customer events. At the same time, they provided a dignified setting for Geberit to thank many customers for their years of loyalty.

A high degree of customer satisfaction in the regional markets is central to Geberit's success. The AquaClean advertising campaign in a total of eleven markets was continued in 2014, including the systematic expansion of the marketing principles. These are also based on brand tracking studies for end users carried out in all eleven campaign markets in 2013. In addition to sociodemographic data, the studies also provided information on the respective awareness of the shower toilet product category, attitude and behavioral parameters, and also the perception of the Geberit AquaClean brand and the most important competitors. In all affected markets, the awareness of the product category and the perception of the Geberit AquaClean brand in particular have significantly increased since the start of the campaign – and the upward trend shows no signs of abating. The study reflects the success of market cultivation and the campaign in the individual markets. The intensive branding is thus proving a significant success factor for company growth.

In recent years, Geberit has built up a standardized Customer Relationship Management (CRM) process for all markets with the aim of further boosting customer satisfaction. Thanks to this system, which is specially tailored to Geberit, customers benefit from more targeted communication with the relevant contact persons. Since 2014, the CRM system has been gradually migrated to a new technological platform to enable a deeper integration into daily business processes.

For further information, see → **Business Report > Business and financial review > Customers.**

### **13.3 Compliance Product Responsibility (PR)**

#### **Management Approach – Compliance – Product Responsibility**

See → **Management approach customer health and safety** and → **chapter Society.**

#### **G4-PR9 Sanctions due to non-compliance with product liability regulations**

No sanctions have been imposed in connection with Geberit products and services or their use.

# 14. Suppliers (SU)

## 14.1 Description of the organization's supply chain

Corporate Purchasing (CPU) is responsible for the procurement in all production plants worldwide (except the USA) and manages the procurement organization through a team of lead buyers who are strategically responsible for various material groups. Operational purchasing is based locally at the plants.

The Geberit Group largely purchases raw materials (approx. 35% of the procurement volume) and semi-finished products (approx. 40%) with a high share of raw materials. In so doing, material costs represent a relatively low share of Geberit sales.

The raw materials and semi-finished products primarily come from suppliers in Western Europe (86% of procurement value). The share of the procurement volume from Asia amounts to 9% and that from Eastern Europe and the USA 2.5% each. Owing to the "upstream" purchasing in the supply chain and high level of in-house production as well as the very high share of Western European suppliers, the general risk profile of the supply chain is relatively low. The active pursuit of a "dual source strategy" – i.e. the procurement of a resource from two providers – serves additionally to reduce dependencies.

Geberit procured raw materials (31%), semi-finished products (45%) and finished products (24%) with a procurement value of CHF 646.0 million from over 1,200 suppliers across the world in 2014.

## 14.2 Management Approach – supplier assessment using sustainability criteria

Geberit's business partners and suppliers are obligated to maintain comprehensive standards. The basis for the cooperation is the → **Code of Conduct for suppliers**. This Code is aligned with the principles of the UN Global Compact and is binding for every new supplier. The Code comprises specific guidelines on quality and meeting environmental, labor law and social requirements and sets out compliance with human rights. Upon request by Geberit, the supplier must prepare corresponding records in order to demonstrate compliance with the standards of the Code and make these available at any time. Should the supplier fail to comply with the regulations set out in this Code, then corrective measures are taken wherever possible. Failure to comply on the part of the supplier is regarded as a serious obstacle to the continuation of the business relationship. If the supplier does not correct this non-compliance, Geberit can terminate the cooperation.

When evaluating suppliers, Geberit strives to achieve the greatest possible degree of transparency. All new and existing partners are thus assessed by means of standardized processes and according to the same criteria: company as a whole, quality and sustainability, price, procurement chain and delivery reliability, production and technology. As a rule, the selection of suppliers is required to include a quality audit covering clarification on environmental and occupational safety issues. Where an audit reveals inconsistencies in these criteria, an additional, in-depth audit is conducted.

Supplier management has integrated a risk management approach that is based on the division of suppliers into risk classes – depending on the production location (country) and type of production process. Owing to the high share of procurement from Western Europe, the risk in Geberit's supply chain is relatively low. In the reporting year, 39 companies were identified in the highest risk category. This is equivalent to less than 5% of the entire procurement value. Within this risk class, the audit focus is placed on independent suppliers such as those which are not part of a larger company with recognized sustainability management. The systematic planning and performance of audits is conducted for these suppliers, generally every three years. To ensure neutrality and the expertise required for the audits, Geberit also works with an external partner. In China, the carrying out of audits by independent experts has proven effective. Performing such audits makes an important contribution to enhancing credibility in supplier management. Any shortcomings exposed by audits give rise to sanctions. As a rule, a deadline is imposed for remedying the situation.

## 14.3 Percentage of new suppliers that were screened using sustainability criteria

All new suppliers undertake to comply with the Code of Conduct and hence also to international standards governing environmental protection, labor practices and human rights.

## 14.4 Sustainability-related impacts in the supply chain

As of the end of 2014, 728 suppliers had signed the Code of Conduct (previous year 701). This equates to over 95% of the total procurement value. Among the top 200 suppliers, the share of companies that have signed is 98.3%.

For audits in China, Geberit cooperated with SGS in 2014. Thanks to re-audits, it was possible to prove that shortcomings revealed in the previous year had been remedied by the three suppliers affected. Four further audits conducted in China concluded that standards governing occupational safety and environmental protection were complied with. However, a shortcoming due to inadequate remuneration was uncovered in one case and corrective measures were imposed.

Only in a few justified exceptional cases are there plans to impose complete regulations on the second tier and third tier in the supply chain by getting them to sign a Code of Conduct, as this would result in a disproportionately high level of additional administration with little added benefit. Geberit pursues a pragmatic yet effective approach. When auditing suppliers in the highest risk category, an analysis of the most important suppliers is included in the risk analysis and the audit investigations on site. At the end of the day, Geberit's goal is modern supplier management, where the relationship with the supplier is actively managed and sustainability risks in the supply chain are jointly analyzed.

# Key figures environment

## Environmental impact

Environmental impact	2013 UBP	2014 UBP	Deviation %
Electricity	52,256	51,994	-0.5
Combustibles	5,264	5,464	3.8
Fuels	6,218	6,147	-1.1
Disposal	4,303	3,294	-23.4
Solvents	828	866	4.6
Water and waste water	523	507	-3.1
<b>Total environmental impact</b>	<b>69,392</b>	<b>68,272</b>	<b>-1.6</b>

UBP = Ecopoints in accordance with the Swiss Ecological Scarcity Method (2006 version)

## Material usage

Material usage	2013 Metric tons	2014 Metric tons	Deviation %
Raw material plastics	57,362	61,014	6.4
Raw material metal	48,735	52,276	7.3
Other raw materials	625	609	-2.5
Semi-finished products	30,565	36,501	19.4
Finished products	46,146	47,829	3.6
<b>Total material usage</b>	<b>183,433</b>	<b>198,229</b>	<b>8.1</b>

## Energy consumption

Energy consumption	Unit	2013	2014	Deviation %
Electricity	GWh	111.7	113.7	1.8
Heating oil extra light	Metric tons	13.9	9.0	-35.3
Natural Gas	m <sup>3</sup>	3,950,408	3,463,869	-12.3
Biogas	m <sup>3</sup>	994,997	826,781	-16.9
Diesel for power generation	Liter	–	240,549	–
Gasoline	Liter	187,303	172,383	-8.0
Diesel	Liter	1,631,305	1,631,889	0.0

Energy consumption	2013 TJ	2014 TJ	Deviation %
Electricity	402.1	409.2	1.8
Heating oil extra light	0.6	0.4	-35.3
Natural Gas	143.8	126.1	-12.3
Biogas	38.3	31.8	-16.9
Diesel for power generation	–	8.6	–
Fuels (Gasoline, Diesel)	65.6	65.0	-0.8
<b>Total energy consumption</b>	<b>650.4</b>	<b>641.1</b>	<b>-1.4</b>

## Electricity mix

Electricity mix 2014	GWh	Renewable %	Fossil %	Nuclear %	Others %
Europe	78.8	16.0	45.2	35.6	3.2
USA	6.8	8.8	70.0	19.6	1.6
China	4.4	16.1	81.8	2.1	–
India	0.3	16.3	80.1	1.8	1.2
Green electricity	23.4	100.0	–	–	–
<b>Total electricity mix</b>	<b>113.7</b>	<b>37.4</b>	<b>44.2</b>	<b>29.5</b>	<b>2.6</b>

Electricity mix 2013	GWh	Renewable %	Fossil %	Nuclear %	Others %
Europe	79.3	16.0	45.2	35.6	3.2
USA	6.6	8.8	70.0	19.6	1.6
China	4.8	16.1	81.8	2.1	–
Green electricity	21.0	100.0	–	–	–
<b>Total electricity mix</b>	<b>111.7</b>	<b>31.4</b>	<b>39.7</b>	<b>26.5</b>	<b>2.4</b>

## Water and waste water

Water and waste water	2013 m <sup>3</sup>	2014 m <sup>3</sup>	Deviation %
Fresh water	131,938	131,289	-0.5
Rain water	6,796	6,867	1.0
Waste water	116,719	112,521	-3.6

## Emissions

Absolute CO <sub>2</sub> emissions	2013 Metric tons	2014 Metric tons	Deviation %
from combustibles	10,158	9,797	-3.6
from fuels	7,096	7,036	-0.8
from electricity	52,655	52,397	-0.5
<b>Total absolute CO<sub>2</sub> emissions</b>	<b>69,909</b>	<b>69,230</b>	<b>-1.0</b>

Relative CO <sub>2</sub> emissions	2013 g CO <sub>2</sub> / CHF	2014 g CO <sub>2</sub> / CHF	Deviation %
from combustibles	4.4	4.0	-9.4
from fuels	3.1	2.9	-6.8
from electricity	23.0	21.5	-6.5
<b>Total relative CO<sub>2</sub> emissions</b>	<b>30.5</b>	<b>28.4</b>	<b>-6.9</b>

CO<sub>2</sub> emissions in relation to sales in CHF, currency adjusted



		2013 Kilogram	2014 Kilogram	Deviation %
<b>Air emissions</b>				
NO <sub>x</sub>	direct	19,745	22,372	13.3
	indirect	95,635	93,909	-1.8
	<b>Total NO<sub>x</sub></b>	<b>115,380</b>	<b>116,281</b>	<b>0.8</b>
SO <sub>2</sub>	direct	1,419	1,461	3.0
	indirect	200,403	196,667	-1.9
	<b>Total SO<sub>2</sub></b>	<b>201,822</b>	<b>198,128</b>	<b>-1.8</b>
NMVOC	direct	46,222	48,952	5.9
	indirect	9,321	9,273	-0.5
	<b>Total NMVOC</b>	<b>55,543</b>	<b>58,225</b>	<b>4.8</b>
Dust (PM10)	direct	394	474	20.3
	indirect	17,364	17,005	-2.1
	<b>Total dust</b>	<b>17,758</b>	<b>17,479</b>	<b>-1.6</b>
CFC11 equivalents	direct	1.2	0.4	-66.7
	indirect	2.0	2.0	0.0
	<b>Total CFC11 equivalents</b>	<b>3.2</b>	<b>2.4</b>	<b>-25.0</b>

## Waste

		2013 Metric tons	2014 Metric tons	Deviation %
<b>Waste</b>				
to incineration		671	635	-5.4
to inert waste landfill		394	396	0.5
to mixed waste landfill		628	428	-31.8
to external recycling		9,200	9,361	1.8
to hazardous waste incineration		269	262	-2.6
to hazardous waste recycling		956	505	-47.2
<b>Total waste</b>		<b>12,118</b>	<b>11,587</b>	<b>-4.4</b>

# Key figures employees and society

## Workforce

Workforce as of December 31	2013	Share %	2014	Share %
Germany	2,423	39.0	2,413	39.0
Switzerland	1,255	20.0	1,262	20.0
China	718	11.0	688	11.0
Austria	503	8.0	507	8.0
USA	227	4.0	237	4.0
Slovenia	248	4.0	259	4.0
Italy	113	2.0	118	2.0
Others	739	12.0	763	12.0
<b>Total</b>	<b>6,226</b>	<b>100</b>	<b>6,247</b>	<b>100</b>
Production	3,364	54.0	3,380	54.1
Marketing and sales	1,843	29.6	1,841	29.5
Administration	563	9.0	559	8.9
Research and development	222	3.6	235	3.8
Apprentices	234	3.8	232	3.7
<b>Total</b>	<b>6,226</b>	<b>100</b>	<b>6,247</b>	<b>100</b>
Permanent	4,865	78.0	5,067	81.0
Temporary	1,361	22.0	1,180	19.0
<b>Total</b>	<b>6,226</b>	<b>100</b>	<b>6,247</b>	<b>100</b>
Full-time	5,924	95.0	5,926	95.0
Part-time	302	5.0	321	5.0
<b>Total</b>	<b>6,226</b>	<b>100</b>	<b>6,247</b>	<b>100</b>
Management	155	2.5	159	2.5
Employees	6,071	97.5	6,088	97.5
<b>Total</b>	<b>6,226</b>	<b>100</b>	<b>6,247</b>	<b>100</b>

Information in full-time equivalents

## Diversity

Diversity as of December 31, 2014	Management %	Employees %	Total %
Proportion of female employees	6.9	31	31
Age structure	> 45 years	69	39
	30 - 45 years	31	40
	< 30 years	0	21

Diversity as of December 31, 2013		Management %	Employees %	Total %
Proportion of female employees		6.5	31	30
Age structure	> 45 years	66	40	40
	30 - 45 years	34	40	40
	< 30 years	0	20	20

## Fluctuation

Fluctuation excl. attrition		2013	Rate %	2014	Rate %
Fluctuation	> 45 years			74	3.3
	30 - 45 years			122	6.0
	< 30 years			62	8.8
Gender	Male			181	5.0
	Female			77	5.6
Region	Germany			24	1.2
	Switzerland			91	7.8
	China			13	7.4
	Austria			19	4.0
	USA			25	11.5
	Slovenia			0	0.0
	Italy			4	3.7
	Others			82	12.2
	<b>Total fluctuation excl. attrition</b>		<b>198</b>	<b>4.1</b>	<b>258</b>

Fluctuation incl. attrition		2013	Rate %	2014	Rate %
Age group	> 45 years	117	5.3	140	6.2
	30 - 45 years	94	4.5	123	6.1
	< 30 years	55	7.8	63	8.9
Gender	Male	177	5.0	232	6.4
	Female	89	6.1	94	6.8
Region	Germany	45	2.3	59	3.0
	Switzerland	104	8.6	111	9.6
	China	20	13.5	17	9.7
	Austria	16	3.2	22	4.7
	USA	15	6.7	26	11.9
	Slovenia	1	0.5	3	1.4
	Italy	1	1.0	4	3.7
	Others	64	10.1	84	12.5
	<b>Total fluctuation incl. attrition</b>		<b>266</b>	<b>5.5</b>	<b>326</b>

Information in headcounts  
attrition includes retirements

## Training and education

Training and education	Hours per employee	2013	2014	Deviation %
Women		–	11.4	–
Men		–	17.6	–
Management		–	28.0	–
Other employees		–	15.3	–
<b>Total training and education</b>		<b>16.7</b>	<b>15.6</b>	<b>-6.6</b>

## Personnel expenses

Personnel expenses	2013 MCHF	2014 MCHF	Deviation %
Wages and salaries	357.9	366.1	2.3
Pension contributions	25.4	23.7	-6.7
Other social benefits	62.2	63.5	2.1
Other personnel expenses	29.9	30.6	2.3
<b>Total personnel expenses</b>	<b>475.4</b>	<b>483.9</b>	<b>1.8</b>

## Social engagement

Social engagement	Unit	2013	2014	Deviation %
Donations and contributions	MCHF	3.1	3.3	6.5
orders to social institutions	MCHF	4.4	5.5	25.0
Charitable work	Hours	1,340	2,770	107

## Health and Safety

Health and Safety	2013	2014	Deviation %
Number of occupational accidents	109	103	-5.5
Accident frequency rate (AFR)	10.2	9.6	-5.9
Lost days due to occupational accidents	1,325	1,405	6.0
Accident severity rate (ASR)	124.3	130.5	5.0

Accident frequency rate (AFR) = Number of occupational accidents per performed total working hours times 1 million hours

Accident severity rate (ASR) = Number of lost working days due to accidents per performed total working hours times 1 million hours

Absenteeism rate per region 2014	Illness %	Accident %	Total %
Europe	4.54	0.11	4.65
Asia	0.93	0.06	0.99
USA	1.99	0.00	1.99
Others	0.61	0.07	0.68
<b>Total absenteeism rate</b>	<b>3.75</b>	<b>0.10</b>	<b>3.85</b>

Absenteeism rate per region 2013	Illness %	Accident %	Total %
Europe	4.84	0.12	4.96
Asia	1.12	0.01	1.13
USA	1.84	0.00	1.84
Others	0.64	0.00	0.64
<b>Total absenteeism rate</b>	<b>4.00</b>	<b>0.10</b>	<b>4.10</b>