

# Introduction Stakeholder Panel

As part of sustainability reporting on the financial year 2016 and following the acquisition of Sanitec in 2015, Geberit consulted a panel of external stakeholders for the third time in September 2016. 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 the sustainability strategy – in particular in connection with the acquisition of Sanitec. The panel also aimed to examine 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 of six independent → **members** having 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 organisation or employer.

## Process and results

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

- Prior to the stakeholder dialogue, all panel members received all documents on sustainability reporting (including the sustainability strategy) for analysis.
- In September 2016, the panel met with CEO Christian Buhl and the Sustainability team for a half-day externally moderated workshop.
- In February 2017, the panel was consulted once again, the revised sustainability strategy presented and the → **Panel statement** finalised.
- Following this, the → **Response from Geberit to the Panel statement** was finalised on the basis of current reporting on the financial year 2016.

# Stakeholder Panel 2016: Members



Prof. Dr. Christine Kaufmann

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**Chair for public and international law,  
Centre for Human Rights Studies,  
University of Zurich (CH)**



Prof. Dr. Alexander J.B. Zehnder

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**tripleZ, Zurich (CH)**



Prof. Dr. Volker Hoffmann

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**Professor for Sustainability and  
Technology, ETH Zurich, Zurich (CH)**



Roger Baumann

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**Director, COO & Head Sustainability,  
Real Estate Investment Manage-  
ment, Credit Suisse, Zurich (CH)**



Peter Zollinger

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**Head Impact Research,  
Globalance Bank, Zurich (CH)**



Matthias Pestalozzi

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**CEO and Member of the Board of  
Directors Pestalozzi Group,  
Dietikon (CH)**



Dr. Barbara Dubach: Moderation

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**CEO, engageability, Zurich (CH)**

# Panel statement

## Overall impression

Overall, the stakeholder panel considers Geberit's sustainability strategy, effective sustainability performance and reporting to be good to very good. The majority of panel members see the greatest potential for further development in the integration of the sustainability strategy. In order to realise its potential, sustainability needs to be presented even more strongly as long-term value creation and linked to the company's core strategy.

The panel can appreciate that the integration of the former Sanitec currently poses the greatest challenge. The question of how Geberit can utilise the opportunities presented by the newly created synergies for integrated sanitary solutions "in front of and behind the wall" is particularly important. The panel members recognise the way Geberit is gradually expanding the established high sustainability standards throughout the enlarged company and its wish to reduce the massively increased ecological footprint in a continuous and targeted manner, for instance.

## Sustainability strategy

The panel wishes to see a more up-to-date introduction to the sustainability strategy than the Brundtland definition currently used by Geberit. The focus should be on long-term value creation through sustainability. In addition, appropriate key figures should be used to illustrate how the sustainability strategy contributes to value creation and to the success of the business. For example, it would be interesting to gain a better understanding of which research and development topics Geberit is investing in and how these are related to current trends and future issues. Particularly interesting here is the question of Geberit's contribution to the topic of green building and the concrete added value for planners and architects, for instance. This could be illustrated with existing and new reference projects in the construction sector. The panel members acknowledge the innovative performance of Geberit and see potential for making this more transparent in the area of sustainability. In addition, however, large-scale system changes (urbanisation, separate sewer system, grey water usage etc.) also need to be addressed as part of research and development. In this respect, the panel would like to learn more about how Geberit envisages becoming a system provider with holistic know-how regarding green building and whether it is working on system solutions for water management in real estate properties. Also of interest is the question of which materials Geberit considers sustainable, whether ceramic will remain the key material in bathroom design and what role recycled plastic could play.

The panel also recommends reflecting on the 17 Sustainable Development Goals (SDGs) newly approved by the United Nations in September 2015 within the strategy. UN Sustainable Development Goal number 6 "Ensuring the availability and sustainable management of water and sanitation for all", number 9 "Build resilient infrastructure, promote sustainable industrialisation and foster innovation" and number 11 "Make cities safe, resilient and sustainable" have the greatest immediate relevance for Geberit.

## Materiality analysis

Concerning the presentation of material topics (GRI aspects), the panel suggests underlining the most important key topics from the wide range of material topics, establishing the link to the company's business and corporate activities and aiming to achieve a simpler, aggregated form of presentation. The most important connecting factor for enhancing Geberit's sustainability lies in the area of water.

Concerning Geberit's social responsibility, some panel members recommend not just referring to the annual social projects under "Social engagement". Instead, social aspects directly linked to the business model, such as ensuring a high standard of drinking water hygiene or the role of Geberit as an employer, could be placed in the foreground. It would be interesting to analyse the social benefits of Geberit and present them in more detail in the future.

The panel recommends further clarifications on the topics of "Biodiversity" in connection with the extraction of mineral raw materials for ceramic production and "Importance of local communities" in connection with the newly added sites.

## Input on material topics

### Green building

The panel recognises that Geberit products make a significant contribution to water saving, drinking water quality and sound insulation, and support standards for green building such as MINERGIE or LEED. However, the question arises as to how Geberit as a system provider can continue to contribute to the growing market for green building. The panel recommends further enhancing an understanding of this and the role of Geberit and synchronising it with the external perspective of science, architects, building owners and end users in order to identify further opportunities in this area. Further insights could also be gained from previous reference projects in green building, and the opportunities and risks for Geberit associated with the modular building approach could be assessed.

### Product development

Product development is perceived by the panel as Geberit's greatest lever. An integral view of system solutions "in front of and behind the wall" is decisive here. Over the long term, the panel sees the opportunity for Geberit to set new trends with new and integrated system solutions and thereby strengthen its position as a pioneer in the industry (see also sustainability strategy).

### CO<sub>2</sub> strategy

The panel members welcome the fact that the existing CO<sub>2</sub> reduction target of an average of 5% per year is still being upheld following the acquisition of Sanitec. It considers the current development of a long-term, absolute CO<sub>2</sub> target geared towards the global two-degree target set out in the Paris Agreement (science-based) to be exemplary. However, the panel questions the extent to which Geberit is in any way capable of setting itself apart in terms of its CO<sub>2</sub> strategy. It recommends seeking flagship projects in this area.

### Sustainability communication

Overall, Geberit's sustainability reporting is found to be outstandingly transparent and very substantial. The panel welcomes the fact that almost all information is available online. One or two panel members even consider the reporting to be too detailed. The core messages of the sustainability strategy could be even more strongly underlined. The panel recommends presenting the core sustainability targets and key figures in a condensed overview. In addition, the contribution of sustainability issues to the success of the business could be illustrated more clearly and also include the use of current approaches to integrated reporting.

The fact that the topic of sustainability is not covered in some of the other communication media, particularly the Geberit Facts & Figures brochure, is criticised. The general company presentation could also integrate key sustainability issues more in order to underline their contribution as value drivers.

Attention is drawn to the fact that the changes and opportunities arising from the acquisition of Sanitec need to be presented and communicated.

### Final remarks

The panel members thank Geberit for its transparent and constructive dialogue. They look forward to hearing how the integration of Sanitec progresses and to what extent the associated challenges and opportunities are addressed in the future.

The continuation of a biennial stakeholder panel as proposed by Geberit is welcomed in order to follow the further development of the topics addressed and also to enable targeted inputs to be provided and critical questions to be raised by external parties.

# 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 consistently develop its role as a sustainability leader. With this in mind, the suggestions of the panel 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.

## Sustainability strategy

For Geberit, sustainability means being oriented towards the future and being successful over the long term. In addition to shareholder value, value is simultaneously created for many other stakeholders (creating shared value): innovative, design-oriented and sustainable products; training and education of plumbers, sanitary engineers and architects; the smallest possible ecological footprint along the entire value chain; production plants with prospects for numerous regions; a cooperation with suppliers and business partners that is based on fairness; and leadership for sustainable development in the sanitary industry. The suggestion of the panel to better illustrate the integration of the sustainability strategy and to show how added value is generated for various stakeholders is taken up. A [→ summary chart](#) shows the most important strategic interrelationships and a separate overview sums up the [→ relevant results](#). The sustainability strategy supplements the core strategy with eleven concrete modules. These modules strengthen Geberit's business model in a targeted manner and generate added value in the areas People, Planet and Profit.

Thanks to targeted investments in research and development, Geberit is the global driving force when it comes to developing and manufacturing sanitary products. In addition to classic product development, investments are made in the following [→ relevant fields of competence](#) as the basis for future innovations: hydraulics, materials technology, hygiene, surface technology, electronics, sound insulation, statics, fire protection, process engineering and virtual engineering. The focus is on the different areas working together and the continuous testing of new, integrated product and system solutions, materials and new concepts.

Green building reference projects are of central importance. With this in mind, the most interesting projects are presented in the [→ reference magazine](#). Green Building is one of the eleven modules of the [→ Sustainability strategy](#). How Geberit products and systems help sanitary engineers, architects and building owners is to be demonstrated in more concrete terms here. Environmental Product Declarations (EPDs), which are created for selected products, play an important role in this regard.

The fact that the areas Technology & Innovation and Product Management work closely together enables Geberit to react to global trends. For example, increasing urbanisation means that bathrooms are generally getting smaller. Geberit can optimally tap into this growing market segment with integrated products. Geberit has already worked in the past on possible future concepts – such as wastewater separation systems and grey water usage – as part of the Novaquatis project carried out with the research institute EAWAG in Dübendorf (CH). Furthermore, as part of its support of the NEST project (Next Evolution in Sustainable Building Technologies) at EMPA in Dübendorf (CH), Geberit focuses on the development of networked knowledge in terms of system solutions for green building.

With its products, systems and tools, Geberit covers the entire flow of water within a building. More extensive services in terms of water management for property owners are not envisaged at this time.

Geberit invests a great deal of effort to ensure it chooses the right product material. When doing so, no compromises are made when it comes to quality and existing standards have to be complied with. The use of alternative materials and the combination of existing materials are constantly examined and questioned. The use of recycled plastic is continuously increased as part of this. Although the material ceramic has a relatively large ecological footprint, it impresses thanks to its robustness and the fact that it is hygienic and easy to clean. Ceramic can be used in a sensible and resource-saving manner in combination with other product materials. A concrete example in this regard is the AquaClean Mera, a product where the ceramic is complemented by a metal carrier system.

## Materiality analysis

Geberit is sticking to the current way in which it presents the [→ materiality analysis](#), which is based on the GRI G4 guidelines. However, a new [→ summary chart](#) is created that illustrates which material aspects affect the core strategy and how Geberit creates added value for various stakeholders. The suggestion of the panel to now use the term "social responsibility" and to show how – in addition to its social commitment – Geberit provides added value to society, is taken up.

The topic of biodiversity plays a role when procuring mineral raw materials for ceramic production. This subject was addressed and examined as part of supplier audits. During these audits, it was found that the suppliers in this sector actively address the topic of biodiversity and take appropriate measures within the context of their licence to operate.

Geberit attaches great importance to maintaining good relations with its neighbours in the vicinity of its production sites. Continuous exchanges with authorities and the local community are part of this process. This approach also encompasses the newly added sites, whereby the relationships with employees – as part of the aforementioned local community – are particularly important.

## Material topics

### Green building

Major changes lie ahead for the construction industry. Alongside green building, other topics such as industrialisation, digitisation, transparency in the supply chain and new tender rules will also determine the future environment in which Geberit operates. Like many players in the construction sector, Geberit is taking progressive steps to adapt to the new situation. The continuous development of the green building and Building Information Modelling (BIM) areas of competence are strategic focuses in this regard. Being a member of numerous national associations enables Geberit to keep abreast of the latest trends in the respective markets.

### Product development

The integration of products in front of and behind the wall opens up new opportunities for Geberit. For example, the expertise in the area of hydraulics, statics and hygiene optimally supports the development of integrated systems. The basis for sustainable products is a systematic innovation process in which environmentally friendly materials and functional principles are chosen, risks are minimised and a high level of resource efficiency throughout the entire product life cycle is targeted as part of eco-design workshops.

### CO<sub>2</sub> strategy

Geberit shares the panel's view that Geberit's focus is on the topic of water. However, continuous improvement when it comes to energy management is a key issue, and Geberit consistently invests in the new production sites in this regard. Five tunnel kilns for ceramic production have already been equipped with state-of-the-art burner technology. Each kiln can bring about energy savings of over 20%. The goal of reducing relative CO<sub>2</sub> emissions by 5% per year remains an ambitious one and requires the utilisation of all available potential. Furthermore, new absolute target values – based on the two-degree target set out in the Paris Agreement – were approved in 2016. By aligning its objectives to these science-based targets, Geberit is aiming to play its part in limiting global warming to under two degrees Celsius.

## Sustainability communication

The recommendation regarding the creation of a summary overview outlining → **relevant topics and results** was taken up.

The integration of Sanitec will be continued in a focused and systematic manner and presented in a transparent way. Information on experiences relating to the integration may be incorporated into presentations at conferences or into specific publications.

## Final remarks

Geberit thanks all of the panel members for their work. The next stakeholder panel is planned for 2018.