

SUSTAINABILITY STRATEGY 2018 - 2020

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

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

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

Our foundations

People

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

Planet

- Raw materials
- Energy
- Water

Performance

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

Our business model



CONNECTION TO UN SUSTAINABLE DEVELOPMENT GOALS



Our results

People

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

Planet

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

Performance

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

The following pages provide an overview of the sustainability modules with important facts and achievements for 2017 as well as the outlook for 2018 to 2020. The current sustainability strategy covers the entire Geberit Group and shows how Geberit intends to be a pioneer and leader in the area of sustainability in the sanitary industry.

Procurement & Logistics

MODULS AND GOALS

IMPORTANT FACTS AND ACHIEVEMENTS 2017

OUTLOOK AND GOALS 2018 - 2020

GREEN PROCUREMENT

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

- As of the end of 2017, 1,379 suppliers had signed the Code of Conduct for Suppliers (previous year 1,084 suppliers). This equates to over 90% of the total procurement value. Among the top 200 suppliers, the share of companies that have signed is 99.0% (previous year 95.5%).
- Introduction of an Integrity Line for suppliers for anonymously reporting irregularities in the procurement process. In 2017, one case that was deemed significant was reported and investigations are ongoing.
- Consistent execution and tracking of quality and EHS (environment, health and safety) audits, especially in the highest sustainability risk category.
- Analysis of sustainability risks in the supply chain of the suppliers of the former Sanitec. The latest Group-wide portfolio analysis with regard to sustainability risks showed a higher risk for 192 suppliers, which corresponds to around 8% of the procurement value.
- Execution of four third-party audits at suppliers in Bulgaria and China.

- All new suppliers and all existing suppliers of the former Sanitec have to sign the Code of Conduct for suppliers.
- Additional third-party audits of suppliers are to be carried out and the required corrective measures checked as part of re-audits.

GREEN LOGISTICS

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

- In 2010, a logistics calculator was developed to measure the key transport and environmental figures for the most important transport service providers in Europe. The system scope was expanded by two sites compared to the previous year.
- In 2017, the transport service providers handled 415.1 million tkm (previous year 302.6 million tkm). Due to expansion of the system scope and sales growth, this resulted in CO₂ emissions of 52,075 tonnes (previous year 42,179 tonnes).
- The share handled by Euro 5 trucks was 73% and the share handled by state-of-the-art Euro 6 vehicles 23%.
- Commissioning of the expanded logistics centre in Pfullendorf (DE) and relocation of logistics operations from Langenfeld (DE) to Pfullendorf. The centralisation of transport runs enables further enhancements in efficiency to be made, including in relation to the environment.
- Bundling of transportation and freight capacity optimisation – for example, through the increased use of larger transport containers (e.g. "high cube swap bodies") – results in synergies and fewer transport runs.
- Increase in the number of rail consignments to Turkey by over 50%.
- Use of super lorries (with a length of up to 25 metres and a total weight of up to 60 tonnes) in Scandinavia increases load volumes and the number of transported pallets by around 40%.

- Extension of environmental monitoring to include further sites of the former Sanitec, and formulation of suitable measures in close collaboration with the transport service providers.
- Further optimisation of loading capacity with technical equipment and organisational changes.
- More intensive use of Euro 6 vehicles.
- Truck powered by natural gas to remain in operation between Jona and Pfullendorf.

Production

MODULS AND GOALS

IMPORTANT FACTS AND ACHIEVEMENTS 2017

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ENVIRONMENTAL MANAGEMENT

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

- The absolute environmental impact reduced by 3.7% in 2017. The environmental impact per net sales (currency-adjusted) dropped by 5.8%, or 6.1% in organic terms. This figure is slightly above the long-term target of 5% per year.
- All 30 production plants are now certified in accordance with ISO 14001. The Group certificate is valid until 2018.
- Continued roll-out of the integrated Geberit management system for quality, environment, occupational safety and energy (selective) at all plants.
- Implementation of a software solution for managing hazardous substances at a pilot location.

- Improvement of eco-efficiency (environmental impact per net sales, currency-adjusted) by 5% per year on average.
- Same improvement in relative water consumption as for eco-efficiency by 5% per year on average.
- Integration of all new plants into the Geberit management system by the end of 2018.
- Roll-out of the software solution for managing hazardous substances at other production plants.

CO₂ STRATEGY

Geberit actively contributes to the protection of the climate and consistently reduces CO₂ emissions.

- In 2017, CO₂ emissions decreased by 2.9% to 242,796 tonnes. CO₂ emissions per net sales (currency-adjusted) declined by 5.1%, or 5.8% in organic terms. This confirms that Geberit is on track with its long-term CO₂ strategy.
- The share of purchased green electricity increased by 3 GWh to 47 GWh in 2017. In total, renewable energy sources accounted for 39.0% of electricity and 5.3% of combustibles.
- 3.8 GWh of green electricity was produced in 2017.
- A total of five German production plants are certified to ISO 50001 (energy management).

- Same improvement in relative CO₂ emissions as for eco-efficiency by 5% per year on average.
- Long-term CO₂ target compatible with the two-degree target set out in the 2015 Paris Agreement (science-based): reduction of absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth).
- Annual purchase of an additional 3 GWh of green electricity and increase in the share of electricity and combustibles accounted for by renewable energy sources to 45% and 10% respectively by 2021.
- Continuation of the fuel-reduction plan: reduce emissions of new vehicles to 100 grams of CO₂/km by 2020.

PROCESSES AND INFRASTRUCTURE

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

- Demolition and safe disposal of plant and infrastructure in Wesel and Langenfeld (DE), Bromölla (SE), Digoïn, La Villeneuve-au-Chêne and Selles-sur-Cher (FR) that were obsolete and no longer required. Old, inefficient machines in Langenfeld (DE) and a total of four tunnel kilns in Digoïn, La Villeneuve-au-Chêne (FR) and Slavuta (UA) were scrapped or decommissioned.
- Number of injection moulding machines with energy-efficient drive technology increased from 150 to 156.
- Process optimisation for the manufacture of Mapress fittings in Langenfeld (DE) leading to a reduction in electricity and natural gas consumption, reduced use of lubricants and lower quantities of hazardous waste. Implementation of first fully electrically driven production line.
- In addition to the existing five tunnel kilns for ceramic production, one additional kiln was retrofitted with state-of-the-art burner technology, resulting in savings of more than 20% per kiln in natural gas.

- Consistent renewal of machine fleet with energy-efficient drive technology. Further increase in the number of injection moulding machines with energy-efficient drive technology (hybrid, fully electrical, standby) from 156 to 175 machines.
- Retrofitting of an additional five tunnel kilns for ceramic production, reducing gas consumption by a total of around 27 GWh/a and saving a total of some 6,500 tonnes of CO₂ emissions.

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. 27 of the 30 production plants are now certified in accordance with OHSAS 18001.
- Formation of a "Geberit Safety Team" with representatives from all production areas.
- Development and introduction of Group-wide risk assessment guidelines, including guidelines on the risk of silicosis.
- Introduction of a software-based solution for capturing and monitoring accident data at a pilot location.
- The accident frequency rate (AFR) increased by 5.1% to 10.3 and the accident severity rate (ASR) decreased by 2.7% to 203.8.

- Long-term objective: AFR and ASR to be reduced by 50% between 2015 and 2025, targets AFR = 5.5 and ASR = 90.
- Integration of the Geberit Safety System into the Geberit management system and certification of all production plants in accordance with OHSAS 18001 by the end of 2018.
- Introduction of the new occupational safety standard ISO 45001 (replacing OHSAS 18001).
- Roll-out of the software for capturing and monitoring accident data in further Geberit companies.

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COMPLIANCE

Geberit complies with all laws, guidelines, norms and standards. Geberit checks the effectiveness of its internal monitoring systems and guidelines and implements appropriate measures in the event of misconduct.

- Compliance with the Code of Conduct has been checked with a Group-wide survey every year since 2008. The Internal Audit Department carries out special interviews with managing directors on the topics in the Code of Conduct. No significant breaches of the Code of Conduct were identified.
- The Geberit Integrity Line for employees, which was established in 2013, recorded one significant incident. This incident was subsequently investigated.
- Training events on antitrust legislation in various European sales companies and for new sales employees in Germany.
- Repetition of the antitrust legislation e-learning course in the non-European sales companies.
- Antitrust audits conducted for the first time at various European sales companies (UK, BE, NL, LU).
- Market enquiries from various countries concerning the permissibility of marketing and sales campaigns dealt with.
- Creation and approval of a concept for data protection in Europe and nomination of a Group-wide data protection officer and national data protection coordinators.

- Further promotion of the Geberit Integrity Line for employees and suppliers.
- Further antitrust audits by the Internal Audit Department in collaboration with Corporate Legal department.
- Training of data protection coordinators and commencement of assigned tasks.

EMPLOYER RESPONSIBILITY

Geberit is committed to providing attractive jobs. Geberit supports disadvantaged employees and apprentices.

- Expansion of the standardised global Performance assessment, Development and Compensation process (PDC), including to the new companies of the former Sanitec. 2,600 employees were integrated by the end of 2017.
- By the end of 2017, Geberit employed 235 apprentices. The transfer rate to a permanent employment relationship was 83%.
- Implementation of measures established through the 2016 employee survey at all levels of the organisation.
- A second volunteering project was conducted in Nepal with Geberit employees in cooperation with Helvetas.
- A comprehensive vitality programme that focuses on exercise, nutrition, mental challenges, vitality and working environment at the sites in Jona (CH) and Pfullendorf (DE).
- Development of management personnel at the ceramics plants with the goal of promoting Geberit's performance culture. Execution of a pilot project in Wesel (DE).

- Revision and roll-out of the modified Potential Management Process.
- Targeted support for transfer of apprentices to a permanent position: target rate is 75%.
- Further implementation of measures from 2016 employee survey.
- Execution of a further volunteering project.
- Development of management personnel at the ceramics plants with the goal of promoting Geberit's performance culture. Roll-out in additional plants.

SOCIAL RESPONSIBILITY

Geberit fulfils social responsibilities in society within the scope of the UN Sustainable Development Goals.

- Geberit employees contributed 2,280 hours of charitable work as part of social projects.
- Partnership with Helvetas on the topic of drinking water and sanitary facilities in developing countries.
- Execution of a social project in Odessa (UA) with apprentices. Renovation of several sanitary facilities at a vocational school.
- In 2017, the Geberit production plants supported a number of workshops for disabled persons, where simple assembly and packaging work in the amount of CHF 6.9 million was carried out.

- Continuation of the partnership with Helvetas. Access to clean drinking water and sanitary facilities for people in developing countries.
- Implementation of a major social project in Morocco with apprentices in 2018.
- Review of the effectiveness of social projects two to three years after their implementation.

Products

MODULS AND GOALS

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ECO-DESIGN

During the development process, all Geberit products are optimised with regard to their environmental friendliness, resource efficiency and durability. Environmental aspects are already considered during technology development.

- Eco-design workshops have been part of the development process for all new products since 2007, and since 2010 they have also been part of product modifications and technology projects.
- The successful continuation of this approach resulted in a number of environmental improvements to products, such as:
 - New Geberit urinal system fulfils the most stringent water and energy consumption standards while minimising life-cycle costs, and is now also available for renovation projects.
 - Electronic washbasin tap Piave with optimal user-friendliness and ease of installation as well as minimal water and energy consumption.
 - Shower toilet Geberit AquaClean Tuma Classic with innovative WhirlSpray shower technology and significantly reduced energy consumption thanks to heating-on-demand technology.
 - Optimisation of the ceramic product range to reduce complexity and cut down on resource usage.
 - Expansion of the range of rimless WC pans to simplify cleaning and cut down the usage of cleaning agents.
 - New flush valve type 333 is flow-optimised and extremely quiet. It consists of 15% less materials, with 20% of the plastic in the valve made up of regranulate.
 - All mirror cabinets are equipped with state-of-the-art LED technology.
- Creation of an Environmental Product Declaration (EPD) in accordance with the European standard EN 15804 on sanitary ceramics.

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

GREEN BUILDING

Geberit has in-depth expertise in the fields of water conservation, quality of drinking water, sound insulation and green building. Geberit is the leading partner in the planning and implementation of first-class sanitary solutions for green buildings.

- Geberit products are exemplary when it comes to water and energy consumption and sound insulation. A broad range of Geberit products help with the implementation of green building concepts and standards such as Minergie, DGNB, BREEAM and LEED.
- Member of various green building associations in CH, DE, ES and US.
- Cooperation in the foundation of the European Bathroom Forum (EBF) and launch of a new European water label for sanitary products.
- First bathroom furniture series from the brands Keramag and Sphinx made of FSC®-certified (FSC-C134279) materials.
- Certification of first products in the Ifö Sense bathroom furniture series with the "Nordic Swan" ecolabel.

- Utilise the existing product portfolio and enhance expertise in the area of green building.
- Targeted search for green building reference projects in the European core markets and the Asia-Pacific region.