

SUSTAINABILITY PERFORMANCE REPORT

Geberit's sustainability reporting 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. Overall, Geberit thus wishes to demonstrate to its stakeholders the many ways in which added value is created. To this end, information is made available at different levels:

- → **CEO statement on sustainability**
- → **Current Highlights sustainability**
- → **Business and financial review**, as part of the Annual Report integrated into the chapters → **Employees**, → **Customers**, → **Innovation**, → **Production**, → **Logistics and procurement**, → **Sustainability**, → **Compliance** and → **Social responsibility**
- → **Sustainability strategy** with objectives, measures and results
- → **Materiality analysis**
- → **SDG Reporting**
- → **Key figures sustainability**
- → **Communication on Progress UN Global Compact**

Since 2007, a sustainability performance review has been published annually in accordance with the guidelines of the Global Reporting Initiative (GRI), currently in accordance with the GRI G4 guidelines. The information disclosed within the scope of this report fulfils the "comprehensive" transparency grade set out in the GRI G4 guidelines. The switchover to the new GRI Standards is planned for the 2018 financial year. Sustainability reporting has been subjected to and has successfully completed the GRI Materiality Disclosures Service, see GRI label in the → **formal GRI Content Index**. The Report is available in German and English. The German version is binding.

As prescribed by the GRI, a → **process to determine the material aspects of sustainability** based on the aspects defined by the GRI was the strategic starting point. An external stakeholder panel was also consulted in 2012, 2014 and 2016. Its mandate consisted of scrutinising the results of the internal materiality analysis and providing feedback on the sustainability strategy and sustainability communication. The results were summarised 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. The next stakeholder panel is planned for 2018.

- → **Introduction to the Stakeholder Panel**
- → **Members of the Stakeholder Panel**
- → **Panel statement**
- → **Response from Geberit to the Panel statement**

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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

For Geberit, sustainability means being oriented towards the future and being successful over the long term. This means striking a balance in decision-making processes between various economic, environmental and social aspects. In essence it also means identifying important technological and social trends in good time in dialogue with our stakeholders and developing suitable products and services that provide solutions for customers and added value for other stakeholders. The long-term orientation also minimises risks for business development that are increasingly not only of a purely financial nature but arise from social developments and environmental risks. Geberit has a decades-long commitment to sustainability and is a leader in this area, setting standards for customers, employees, suppliers and other partners. Various awards and rankings serve to confirm Geberit's role as a leader in sustainability in various stakeholder groups' perceptions.

Supplementary to the established → **Sustainability strategy** based on the GRI G4 guidelines, the → **Materiality analysis** carried out prioritises the key topics for Geberit and simultaneously highlights the areas in which added value for stakeholders is created: resource-efficient and sustainable systems for water management in buildings, water-saving and sustainable products, environmentally friendly and resource-efficient production, procurement and logistics with high environmental and ethical standards as well as good and safe working conditions for the some 11,700 employees worldwide. Social responsibility is realised 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 organisation Swiss Water Partnership aimed at promoting international dialogue on water. There is also a long-term partnership with the Swiss development organisation Helvetas.

As illustrated by the UN 2030 Agenda for Sustainable Development, the world is facing major challenges. The UN Sustainable Development Goals (SDGs) define concrete targets and indicators for 17 different themes, which the states are required to implement by 2030. Integration of the economy plays a pivotal role in implementing these targets and indicators. As a result, major opportunities with growth potential are also arising for companies geared towards sustainable products and services – such as Geberit. In accordance with the → **external Stakeholder Panel** which was conducted for the third time in September 2016, Geberit sees its contribution above all in four UN Sustainable Development Goals. The contributions to goal number 6 "Ensure the availability and sustainable management of water and sanitation for all", number 8 "Promote sustainable economic growth, employment and decent work for all", number 9 "Build resilient infrastructure, promote sustainable industrialisation and foster innovation" and number 11 "Make cities safe, resilient and sustainable" are included in Geberit's newly established → **SDG reporting**. The major economic, social and environmental effects of Geberit's operations also lie in these four areas.

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. ORGANISATIONAL PROFILE

G4-3 NAME OF THE ORGANISATION

Geberit Gruppe.

G4-4 BRANDS, PRODUCTS AND/OR SERVICES

Geberit offers customers high-quality sanitary products for applications in private residential construction and public buildings. The systems are used in both renovation projects and new buildings.

The product area Sanitary Systems comprises all sanitary technology found in buildings (with the exception of pipes) and is divided into four product lines: Installation Systems, Cisterns and Mechanisms, Faucets and Flushing Systems and Waste Fittings and Traps. The product area Piping Systems comprises all piping technology found in buildings for drinking water, heating, gas and other media and is divided into the product lines Building Drainage Systems and Supply Systems. The product area Sanitary Ceramics comprises nearly all visible equipment in the bathroom and is divided into the product lines Bathroom Ceramics and Ceramics Complementary Products

For further information on the product range, see → www.geberit.com > **Products > Product range**.

For 2017 net sales by product area and product line, see → **Business Report > Business and financial review > Financial Year 2017 > Net 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 49 countries. The products are sold in around 120 countries throughout the world. The company has 30 specialised production companies in 14 different countries close to the most important sales markets and a central logistics centre in Pfullendorf (DE), as well as a decentralised network of 14 European distribution sites for the ceramics business.

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. Numerous products are distributed via the wholesale trade. Dealerships then sell them to plumbers and present them at exhibitions and other events where end customers can gain information. At the same time, Geberit provides plumbers and sanitary engineers with intensive support through training and advice. This leads to increased demand for Geberit products from wholesalers.

For net sales by markets and regions as well as by product areas and product lines, see → **Business Report > Business and financial review > Financial Year 2017 > Net sales**.

G4-9 SCALE OF THE REPORTING ORGANISATION

The Geberit Group's market capitalisation reached CHF 16,266 million as of the end of 2017 (previous year CHF 15,429 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**. In 2017, net sales amounted to CHF 2,908.3 million (previous year CHF 2,809.0 million).

At the end of 2017, the Group had 11,709 employees (previous year 11,592 employees). For the number of business sites, see → **G4-6**.

G4-10 TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE, EMPLOYMENT CONTRACT, REGION AND GENDER

At the end of 2017, the Geberit Group employed 11,709 staff worldwide, which is 117 employees or 1.0% more than in the previous year. On the one hand, this is mainly due to more people being employed in the production plants in order to deal with greater sales volumes, and, on the other, to various sales companies expanding in connection with specific sales activities.

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

There are currently 8,781 employees (corresponding to 75% of the workforce) who are covered by collective agreements (e.g. collective labour agreements, wage agreements). In Germany, Austria, Switzerland, France, Italy, Ukraine, Finland and Sweden, over 90% of employees are subject to a collective labour or wage agreement. There are no collective agreements with employees in place in the USA and China.

G4-12 DESCRIPTION OF THE ORGANISATION'S SUPPLY CHAIN

Siehe → **chapter Suppliers**.

G4-13 SIGNIFICANT CHANGES REGARDING SIZE, STRUCTURE OR OWNERSHIP

The sale of the company Varicor, including the plant in Wisches (FR), was announced in January 2017. However, Varicor remains an important partner for Geberit as a strategic supplier. In July 2017, the result of a strategic review of two plants owned by the French subsidiary Allia that had been announced in the previous year were made known. Accordingly, in agreement with the trade unions, the La Villeneuve-au-Chêne site was closed and ceramic production in Digoïn was discontinued.

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 described in the → **Geberit Code of Conduct**.

The Geberit Group has a → **Group certificate** in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational health and safety) that is valid until the end of 2018. All 30 Geberit production plants are certified to ISO 9001 and ISO 14001. Regarding OHSAS 18001, the three outstanding plants will be certified by the end of 2018. Five plants are certified according to ISO 50001. Furthermore, all Geberit companies implemented the European Energy Efficiency Directive 2012/27/EU in 2015.

In the environmental area, the company remains committed to its ambitious goals of improving the relative environmental impact and relative CO₂ emissions by 5% annually. In addition, a long-term CO₂ target was developed in 2016 that is compatible with the two-degree target set out in the Paris Agreement (science-based). It comprises a reduction of absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth).

In the area of occupational safety, the aim is to halve the frequency and severity of accidents by 2025 based on the reference year 2015.

The Geberit Production System (GPS 2.0) is implemented at all plants. Best-practice standards in production are uniformly implemented using methods such as SMED (Single Minute Exchange of Dies), TPM (Total Production Maintenance), 5S (Workplace Organisation 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 organisation 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.

Geberit has cooperated with the non-profit organisation Swiss Water Partnership since 2012. This platform seeks to bring together all those involved in the topic of water supply (from academic, economic as well as public and private spheres) to collectively address future challenges and promote international dialogue on water.

In 2017, Geberit played a key role in establishing a new platform for the European sanitary industry – the European Bathroom Forum (EBF). One of the first tasks was the launch of a European water label as a voluntary and flexible instrument to support customers in the selection of resource-efficient products. This aims to help achieve the EU goals for resource efficiency.

G4-16 MEMBERSHIP IN ASSOCIATIONS AND ORGANISATIONS

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

3. MATERIAL ASPECTS AND BOUNDARIES

G4-17 REPORTING BOUNDARIES IN THE CONSOLIDATED FINANCIAL STATEMENTS

In general, the report covers the entire Geberit Group and the 2017 financial year. Owing to its sale in 2017, the company Varicor including the plant in Wisches (FR) was no longer included. Up to the end of June, only data on energy and water was captured from the two French ceramics plants that were closed.

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

For the fourth time in succession, the GRI G4 guidelines serve as the basis for this report. Geberit implements the report option "comprehensive" and adheres closely to the GRI guidelines regarding the determination of material aspects and boundaries. The starting point is a comprehensive → **Materiality analysis** based on the sustainability topics described in the GRI aspects.

For the materiality analysis, it was possible to build on the substantial basis of GRI reporting that has been created since 2007. Material sustainability topics and related measures are already presented in compact form within the → **Sustainability strategy**. Also of a material nature are the principles of the UN Global Compact that Geberit has committed itself to uphold and that are presented in the → **Communication on Progress UN Global Compact**.

On this basis, an internal materiality analysis was developed in 2014 as part of workshops with members of the Group Executive Board and later approved by the Group Executive Board. The results were reviewed and amended slightly by an external stakeholder panel in September 2014. As part of the integration of Sanitec, a further review was carried out in 2015. There were no major changes in the material aspects. The materiality analysis was again discussed by an external stakeholder panel in September 2016. It became clear that a high degree of consensus existed between the internal standpoint of the company and the assessment of the stakeholder panel, see → **Panel statement** and the → **Response from Geberit to the Panel statement**. Following an internal review, no changes to the material aspects were carried out for reporting on the 2017 financial year. A further review of materiality is planned for the next reporting cycle as part of the switchover to the GRI Standards.

G4-19 MATERIAL ASPECTS

Material aspects are deemed material if they are significant for Geberit from the internal perspective of the company and/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 and approved by the external stakeholder panel in September 2016, see → **Panel statement**.

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

GRI aspects that are not material or not requiring any 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.
Biodiversity	Geberit production sites do not endanger biodiversity in protected areas. 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.
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. The newly introduced Geberit Integrity Line available to suppliers for anonymously reporting irregularities in the procurement process also contributes to this.
Labour/Management relations (in the narrower sense of formal notice periods)	Geberit cultivates transparent internal communication and a close dialogue between management and employees. 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. The newly introduced Geberit Integrity Line available to suppliers for anonymously reporting irregularities in the procurement process also contributes to this.
Local communities	Geberit production sites do not entail special risks for local communities or adverse effects on the neighbourhood. 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.
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. The newly introduced Geberit Integrity Line available to suppliers for anonymously reporting irregularities in the procurement process also contributes to this.
Marketing communications	Owing to its marketing strategy, Geberit is little 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 ORGANISATION

In the case of the GRI aspects determined to be material, Geberit's business activities have an impact on internal and external stakeholders. The following table shows the stakeholder groups (within the value chain) for which the impact is material and therefore determines the reporting limits for the information presented.

Material GRI aspects	Reporting limits inside the organisation			Reporting limits outside the organisation			
	Company, total	Employees	Production, logistics	Customers	Suppliers, partners	Society	Others
Economic performance	x	x			x	x	Shareholders
Market presence		x				x	
Indirect economic impacts		x		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	x	

Material GRI aspects	Reporting limits inside the organisation			Reporting limits outside the organisation			
	Company, total	Employees	Production, logistics	Customers	Suppliers, partners	Society	Others
Employment		x					Regional economy
Occupational health and safety		x					Regional economy
Education and further training		x					Regional economy
Diversity and equal opportunity		x					
Equal remuneration for women and men		x					
Supplier assessment in terms of labour practices					x	x	
Labour practices grievance mechanisms		x					
Screening Investments	x					x	
Non-discrimination		x					
Freedom of association and right to collective bargaining		x					Unions
Child labour		(x)			x	x	
Forced or compulsory labour		(x)			x	x	
Human rights assessment	x				x	x	
Supplier human rights assessment					x	x	
Anti-corruption	x			x	x	x	
Anti-competitive behaviour	x			x		x	Competitors
Compliance	x					x	
Supplier assessment on impacts on society					x	x	
Customer health and safety	x			x			
Product and service labelling	x			x			
product responsibility	x			x			

G4-22 EFFECTS OF ANY RESTATEMENTS OF INFORMATION PROVIDED

If, in individual cases, a new form of presentation, calculation method or optimised data collection has led to other results for the previous years, then this is noted under the respective indicator.

G4-23 CHANGES FROM PREVIOUS REPORTING PERIODS IN SCOPE, BOUNDARY OR MEASUREMENT METHODS

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 was the first time the GRI G4 guidelines were followed, and they were also applied to the 2015, 2016 and 2017 financial years. In this way, Geberit has developed a consistent reporting system in which individual indicators are further developed each year. The switchover to the new GRI Standards is planned for the 2018 financial year.

There were no significant changes during the reporting period for topics identified as material (GRI aspects). If, in individual cases, a new measuring method is used, this is noted under the respective indicator. With regard to the change to reporting limits, see → **G4-17**.

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, neighbours, research institutes, suppliers, transport companies, competitors, associations, non-government organisations 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

A systematic guided dialogue with stakeholders helps Geberit to identify possible conflict issues and opportunities for further development and to respond to these in good time. On national and international levels, the Geberit Group and its local companies maintain relations with organisations 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 dialogue as they fulfil 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

Geberit consulted an → **external Stakeholder Panel** for the third time in September 2016. Its mandate consisted of providing feedback on the sustainability strategy and sustainability communication and also discussing the materiality analysis. 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. The next Stakeholder Panel is planned for 2018.

The newly released ISO norm 9001:2015 that is being applied at Geberit requires as a new element a stakeholder and a materiality analysis to be conducted. As Geberit has already implemented these two elements for several years as part of its sustainability strategy and its management system according to ISO 14001, only minor changes were necessary internally. Based on the stakeholder analysis, Geberit identifies both potential for conflict and opportunities, and pursues a cooperative approach when it comes to discussing and further developing possible measures with the stakeholders concerned.

Engagement of stakeholders according to stakeholder group:

CUSTOMERS:

- More than 800 technical advisors working in the field are in daily contact with plumbers, sanitary engineers and architects.
- During the reporting year, around 30,000 professionals were provided with basic and further training in products, tools and software tools at the 29 Geberit Information Centres in Europe and overseas.
- The mobile AquaClean lounge offers the opportunity for end users to try out a shower toilet for themselves. In the reporting year, it was possible to establish contact with over 28,000 end users with these lounges alone.
- The Geberit On Tour mobile exhibition was held for the seventh time in 2017, offering around 20,000 people in 12 countries the opportunity to assess Geberit innovations and solutions.
- For trade fairs and customer surveys, see → **Business Report > Business and financial review > Financial Year 2017 > Customers**.

SHAREHOLDERS, ANALYSTS:

- For the participatory rights of the shareholders, → **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 and interviews with the relevant media for Geberit.
- Sustainability topics and in particular Geberit's performance in this area play an important role in the media activities of Geberit.

EMPLOYEES, TRADE UNIONS:

- Geberit Europe Forum with employee representatives from all European countries, during which a member of the Group Executive Board and the Head Corporate HR meet with the delegates.
- 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 irregularities anonymously.
- Regular employee survey with all employees of the Geberit Group.

NEIGHBOURS, MUNICIPALITIES:

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

RESEARCH INSTITUTES:

- Partner of the → **research platform NEST** (Next Evolution in Sustainable Building Technologies) at Empa in Dübendorf (CH).
- Cooperation on technological trends and developments directly related to sanitary technology with EAWAG Dübendorf, HSR Rapperswil, ZHAW Winterthur, ETH Zurich (CH), Tongji University (CN) and others.

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, occupational safety) carried out by Geberit and since 2012 also by certified third-party specialists.
- Since 2017, Integrity Line for suppliers for anonymously reporting irregularities in the procurement process.
- Cooperation with manufacturers of infrastructure facilities, e.g. for the retrofitting of tunnel kilns for ceramic production.

TRANSPORT COMPANIES:

- Discussions with transport service providers concerning the results of the environmental monitoring, see → **chapter 9.8**.

ASSOCIATIONS:

- Significant participation in the founding of a new platform for the European sanitary industry – the European Bathroom Forum (EBF) – and launch of a new European water label for sanitary products.
- Collaboration with FECS (European Federation of Ceramic Sanitaryware Manufacturers) on a new voluntary European standard for assessing the sustainability of ceramic sanitary appliances (EN 16578).
- Involvement in various → **associations and organisations** with participation in corresponding management bodies and programmes.

NON-GOVERNMENT ORGANISATIONS, GENERAL PUBLIC:

- Partnership with the Swiss development organisation Helvetas.
- Participation in the non-profit organisation Swiss Water Partnership.

Feedback from stakeholder dialogues 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 current topics that were introduced by stakeholders and have been implemented by Geberit include:

- Education and further training as an important success factor, see → **Business Report > Business and financial review > Financial Year 2017 > Employees**.
- Holistic solutions for products and systems in front of and behind the wall, see → **Business Report > Business and financial review > Financial Year 2017 > Innovation**.
- Expansion of the portfolio of water-saving products, see → **G4-EN27** and → **Water footprint**, which covers the entire Geberit value chain.
- Customer training, see → **Business Report > Business and financial review > Financial Year 2017 > Customers**.
- Direct information for end users, see → **Business Report > Business and financial review > Financial Year 2017 > Customers**.
- Transparency of the remuneration system, see → **Business Report > Remuneration report**.
- Long-term CO₂ target compatible with the two-degree target set out in the Paris Agreement (science-based), see → **Management Approach Emissions**.
- Transparency in the environmental impact of logistics, see → **Management Approach Transport**.
- Best-in-class approach to occupational safety, see → **Business Report > Business and financial review > Financial Year 2017 > Employees**.
- Implementation of social projects, see → **Business Report > Business and financial review > Financial Year 2017 > Social responsibility**.

5. REPORT PROFILE

G4-28 REPORTING PERIOD

2017 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. Reports have been prepared in accordance with the GRI G4 guidelines with the report option "comprehensive" since the report for the financial year 2014. The → **last report** for 2016 is still available online; for reports from previous years, see → www.geberit.com > **Downloads** > **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
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sustainability@geberit.com

G4-32 REPORTING OPTION CHOSEN

The reporting implements the GRI G4 reporting option "comprehensive", 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 → **Response from Geberit to the Panel statement**.
- Financial reporting is audited by an external auditor, see → **Financial Report > Financial statements Geberit AG > Report of the statutory auditor**.
- Reporting on the energy and greenhouse gas balance sheet is submitted as part of the Carbon Disclosure Project (CDP) and reviewed and assessed as part of the usual evaluation.
- Since 2016, Geberit has also been publishing its detailed water balance as part of the CDP Water Program.
- The Geberit Group has a → **Group certificate** in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational health and safety) that is valid until the end of 2018. All 30 Geberit production plants are certified to ISO 9001 and ISO 14001. By the end of 2018, all new plants will be integrated into the Geberit management system and the three outstanding plants certified according to OHSAS 18001.
- In 2015, all Geberit companies implemented the European Energy Efficiency Directive 2012/27/EU, with five production plants currently certified to ISO 50001.
- On-site audits (quality, environment, occupational safety) are carried out by Geberit and since 2012 also by certified third-party specialists, see → **chapter Suppliers**.

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 organisation of the Board of Directors and its committees, see → **Business Report > Corporate Governance > Board of Directors > Internal organisational structure**.

As of 31 December 2017, the operating management structure of Geberit is broken down into seven Group divisions:

- CEO division
- Sales Europe
- Sales International
- Marketing & Brands
- Operations
- Product Management & Innovation
- Finance

The assignment of clearly distinguished responsibilities minimises the number of interfaces. For more details about the organisational structure, see → **Business Report > Management structure**.

G4-35 DELEGATION OF AUTHORITY ON ECONOMIC, ENVIRONMENTAL AND SOCIAL MATTERS

The Board of Directors determines the strategy. This includes the corporate strategy, see → **Business Report > Business and financial review > Strategy and goals > Strategy** and the → **Sustainability strategy**. To the extent legally permissible and in accordance with the Organisational 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, 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. 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, Strategic Planning), or to other members of the Group Executive Board.

The way in which the topic of sustainability is approached has been further developed regularly 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 within 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 the shareholders**.

There is no employee representative on the Board of Directors. The employee representatives of the European sites meet regularly 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

At the end of 2017, the Board of Directors comprised six non-executive members – one woman and five men. Albert M. Baehny is Chairman of the Board of Directors. All of the committees formed by the Board of Directors are comprised exclusively of independent members. For further details, see → **Business Report > Corporate Governance > Board of Directors**.

G4-39 SEPARATION OF CHAIR OF BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Christian Buhl is Chief Executive Officer (CEO) and Chairman of the Board of Directors is Albert M. Baehny. For further details, 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 organisations, can be found in → **Business Report > Corporate Governance > Board of Directors.**

In den Statuten und im → **Organisational 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 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 long-standing 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, ENVIRONMENTAL AND SOCIAL ISSUES

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 → **organisational regulations of the Board of Directors.**

G4-44 PROCESSES FOR EVALUATION OF THE SUSTAINABILITY PERFORMANCE OF THE BOARD OF DIRECTORS

Geberit's long-standing 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 programmes 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 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. Key figures on occupational safety are presented quarterly to the Group Executive Board and on a regular basis to the Board of Directors.

In 2016, Geberit consulted an → **external Stakeholder Panel** for the third 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. The next stakeholder panel is planned for 2018.

G4-46 ASSESSMENT OF THE EFFECTIVENESS OF RISK MANAGEMENT PROCEDURES RELATED TO SUSTAINABILITY

Based on the Organisational 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 risk identification, analysis, control and reporting.

Operationally, the Group Executive Board is responsible for controlling risk management. In addition, responsible persons are designated in the company for significant individual risks. These responsible parties decide on specific actions for risk mitigation 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 topics, see → **Business Report > Business and financial review > Financial Year 2017 > Compliance.**

G4-47 FREQUENCY OF REVIEW OF RISKS AND CHANCES IN THE AREA OF SUSTAINABILITY

The impacts, risks and opportunities are discussed and reviewed by the Group Executive Board and Board of Directors annually in connection with the sustainability reporting 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 forward by shareholders within the context of the General Meeting are dealt with in accordance with the Articles of Incorporation. Only a very small number of matters were submitted directly to the Board of Directors outside the General Meeting in 2017. 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

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 paid to the Board of Directors and Group Executive Board, see → **Business Report > Remuneration report**.

G4-53 HANDLING OF STAKEHOLDER VIEWS ON REMUNERATION

The remuneration to the Board of Directors and Group Executive Board disclosed in the detailed remuneration report addresses the concerns of stakeholders and shareholders, see → **Business Report > Remuneration report**.

G4-54 RATIO OF ANNUAL REMUNERATION PAID

The ratio of the annual remuneration paid to the highest-paid employee to the average annual remuneration of all employees (excluding the highest-paid employee) was 21.4 in Switzerland, 6.2 in Germany, 4.9 in Austria and 4.8 in Italy.

G4-55 RATIO OF PERCENTAGE INCREASE IN ANNUAL REMUNERATION PAID

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) for 2017 cannot be reproduced as a figure. This is because the salaries of the highest-paid employees partly decreased whereas the annual remuneration paid to the rest of the workforce slightly increased.

7. ETHICS AND INTEGRITY

G4-56 GENERAL PRINCIPLES AND CODE OF CONDUCT

Geberit aims to act as a role model for ethically unimpeachable, environmentally friendly and socially responsible operations. The → **Geberit Compass** (what we do, what motivates us, how we work together, what is responsible for our success), which was updated in 2015 and the → **Geberit Code of Conduct for Employees**, updated in 2014 and implemented in 2015, serve as the applicable guidelines.

Other specific guidelines that are important to Geberit are:

- → **Geberit policy on occupational health and safety, environment and energy**
- → **Geberit Code of Conduct Suppliers**
- → **Geberit Code of Conduct for business partners**
- → **Geberit antitrust legislation guidelines**
- → **Geberit compliance commitment for contractors**
- UN-Guiding Principles on Business and Human Rights

G4-57 MECHANISMS FOR SECURING ETHICAL AND LAWFUL BEHAVIOUR

Geberit has established an effective compliance system to ensure that its conduct is both ethical and legally compliant. Action on compliance focuses on the following five key topics: antitrust legislation, corruption, employee rights, product liability and environmental protection, see → **Business Report > Business and financial review > Financial Year 2017 > Compliance**.

Conformity with the Code of Conduct for Employees is subject to controls each year. All companies receive over 50 questions on the five above-mentioned key topics. 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 BEHAVIOUR

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 the 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. The 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. Since 2017, an Integrity Line has also been available to suppliers for anonymously reporting irregularities in the procurement process.

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 impacts).

With its innovative solutions in the field of sanitary products, Geberit aims to achieve sustained improvement in the quality of people's lives. Its proven, focused strategy for doing so is based on the four pillars Focus on sanitary products, Commitment to innovation and design, Selective geographic expansion and Continuous optimisation of business processes.

For detailed explanations of the four strategic pillars, see → **Business Report > Business and financial review > Strategy and goals.**

For a description of the economic position of the Geberit Group, see → **Business Report > Business and financial review > Financial Year 2017 > Market environment.**

G4-EC1 ECONOMIC PERFORMANCE

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

Direct Economic Value Added

- Net sales and operating profit, see → **Financial Report > Consolidated financial statements Geberit Group > Statements of cashflows.**

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 engagement, see → **G4-EC7.**

Retained Economic Values

- Investments in and divestments of property, see → **Financial Report > Consolidated financial statements Geberit Group > Statements of cashflows.**
- Share buyback, see → **Financial Report > Consolidated financial statements Geberit Group > Notes > Note 22.**

G4-EC2 FINANCIAL IMPLICATIONS OF CLIMATE CHANGE

The 2015 UN climate change conference in Paris and the agreement reached by its participants to limit global warming to below two degrees Celsius represent far-reaching goals for limiting global warming. One of the visible effects is the limited local availability of water resources in many places, which is becoming a major issue in the eyes of the public. In the Global Risks Report periodically published by the World Economic Forum (WEF), water scarcity was classified according to the most recent report as one of the five highest risks in terms of impact. The subject of water has also been included in the Sustainable Development Goals (SDGs) of the UN 2030 Agenda for Sustainable Development, which have been applicable since the beginning of 2016. Goal number 6 calls for people around the world to receive access to clean drinking water and sanitary facilities.

These trends will determine the sanitary technology 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 big opportunities, Geberit is exposed to an average risk of natural disasters potentially triggered by climate change, which can fundamentally affect production areas or transport areas. None of the production sites are particularly at risk in this respect, however.

The manufacture of ceramic sanitary appliances is a resource and energy-intensive process that has become a part of Geberit production. This increases the company's exposure to CO₂ regulations, meaning that their future development must be carefully monitored. However, these risks are currently still low – only one ceramic plant in Sweden pays CO₂ taxes. With the definition of a long-term CO₂ target in 2016 that is compatible with the two-degree target set out in the Paris Agreement (science-based), an increasingly detailed understanding is becoming established within the company regarding CO₂ emissions. The goal is to reduce absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth).

In addition, Geberit is indirectly affected by higher energy or raw material 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 CO₂ strategy (see → **aspect emissions**), Geberit is reacting proactively and working continuously on saving energy, improving its energy efficiency and reducing its CO₂ emissions. For example, Geberit is continuously investing in the infrastructure of ceramic production. By the end of 2017, six tunnel kilns for ceramic production had already been equipped with state-of-the-art burner technology, with the equipping of a further five planned. Each kiln can bring about energy savings of over 20%.

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 CO₂ emissions, see → **Financial Report > Consolidated financial statements Geberit Group > Notes > Note 4.**

G4-EC3 SCOPE OF THE ORGANISATION'S DEFINED BENEFIT PLAN OBLIGATIONS

The Geberit Group sponsors defined benefit plans for its employees in Switzerland, Germany, Austria and the USA. For further details on pension and benefit plans, 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

Assistance received from the public sector includes:

- Income taxes, see → **Financial Report > Consolidated financial statements Geberit Group > Notes > Note 25**.
- Investment subsidies to promote the respective business location and secure jobs: CHF 0.08 million.
- Contributions received to support training and part-time employment prior to retirement: CHF 0.38 million.
- Various other subsidies: CHF 0.1 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. Within its core strategy, see → **Management approach economic performance**, Geberit's aim is to ensure that sales companies, production plants, logistics and management companies 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 30 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.

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 organisations. However, Geberit would like to establish organisations at its production and sales sites that function on a local basis, which is why it often integrates locally appointed managers. For example, the sales companies in India and China are both headed by managing directors who have 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. With its innovative solutions for sanitary products, Geberit aims to achieve sustained improvement in the quality and standard of people's lives. The economy benefits from this in several respects: through the contribution to better sanitary standards, 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 orders with 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 responsibility, 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. Equally important is the aspect of personal and professional education. By getting actively involved in the social projects in developing regions, apprentices become familiar with other cultures and also acquire new social, linguistic and professional competencies. Furthermore, these social projects make a tangible contribution to the Sustainable Development Goals (SDGs) of the United Nations, which include giving all humans access to clean drinking water and basic sanitation by 2030.

G4-EC7 INVESTMENTS IN INFRASTRUCTURE AND SERVICES PRIMARILY FOR PUBLIC BENEFIT

Donations and financial contributions, including product donations, totalling CHF 3.3 million (previous year: CHF 3.7 million) were made during the reporting year. In addition, Geberit employees contributed 2,280 hours of charitable work (previous year: 2,336 hours). Geberit also supports facilities for disabled persons and long-term unemployed, where simple assembly and packaging work in the amount of around CHF 6.9 million was carried out in 2017 (previous year: CHF 6.3 million), see also → **Key figures sustainability > Employees and society**.

The focus was on the following projects and partnerships in 2017:

- Execution of a → **social project** in Odessa (UA) with apprentices: renovation and expansion of the sanitary facilities of a Ukrainian vocational school for more than 500 students largely from disadvantaged backgrounds. Here, a team of nine apprentices from Geberit was supported by plumber apprentices from this vocational school.
- The partnership with Helvetas on projects relating to clean drinking water and sanitary facilities, plus supporting the new Helvetas campaign for clean drinking water and latrines with a substantial contribution.
- Participation in the charitable organisation Swiss Water Partnership to promote international dialogue on the topic of water.
- Implementation of the project Change of Perspective, in which two Swiss plumbers travelled to Nepal and worked together with two Nepalese colleagues for one week. This project is set to continue in 2018.

- Volunteer work of 16 Geberit employees for two weeks in November 2017 helping a village community in western Nepal to construct a water pipeline. Geberit also made a major donation to support Helvetas-run water projects in Nepal.
- Support for six vocational schools for plumbers in Ukraine with the goal of providing professional, contemporary training in plumbing.
- Various local initiatives and collection campaigns in Poland, the UK, France, Germany and Switzerland to round off the Geberit Group's social engagement at the local level.

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 sanitary engineers, plumbers and end users, as well as upstream at suppliers and transport companies. Continuous investment in 30 production plants in Europe, China, India and the USA, as well as the logistics centre 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 25,300 million cubic metres of water in comparison with traditional flushing systems. In 2017 alone, the water saved amounted to 2,650 million cubic metres. 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 the 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. Similar to its work in the field of waste water hydraulics, Geberit also played a major part in ensuring that topics such as sound insulation and fire protection, as well as hygiene in drinking water and sanitary facilities, have been developed to the benefit of the end user and laid down in standards and recommendations. In 2017, Geberit played a major role in the foundation of a new platform for the European sanitary industry – the European Bathroom Forum (EBF).

Geberit lends impetus to the sanitary industry with innovation and new products that are sold and implemented worldwide by wholesalers, plumbers and sanitary engineers. In 2017 alone, around 30,000 customers were provided with education and further training on Geberit products and software tools at the 29 Geberit Information Centres in Europe and overseas, see → **Business Report > Business and financial review > Financial Year 2017 > Customers.**

Geberit employed 235 apprentices at the end of 2017 (previous year 233). The transfer rate to a permanent employment relationship was 83%. All apprentices are essentially required to work at several sites during their training. Experience abroad and the transfer of know-how are beneficial, especially for young employees.

The indirect economic impact on suppliers and transport companies is also significant. The Group's cost of materials in 2017 amounted to CHF 847.1 million (previous year: CHF 789.3 million) and has business relations with around 1,850 suppliers here. Geberit does not have its own transport fleet and commissions external transport companies.

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. Eco-design is an integral part of the product development process, with the goal of making each product more environmentally friendly than its predecessor throughout the entire product life cycle. Environmental criteria are considered in all decision-making processes. These processes are continuously being optimised 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 centre stage. This is the remit of Corporate Environment and Sustainability. Guidelines and measures pertaining to all GRI aspects are coordinated here. A network of environmental managers practises active environmental protection at the production plants, thus ensuring that the targets and measures laid down in the → **Sustainability strategy** are implemented worldwide. The environmental and occupational safety managers from all production plants meet once a year to discuss best practice and further develop Group-wide standards. Since 2017, a newsletter on environmental and occupational safety topics has also been published twice a year.

In 2017, the implementation of a software-based solution for managing hazardous substances began. The aim here is to implement a standardised process in all production plants, improve efficiency in the management of hazardous operating and auxiliary materials, and scale down the use of hazardous substances in the long term.

The Geberit Group has a → **Group certificate** in accordance with ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (occupational health and safety) that is valid until the end of 2018. Out of 30 production plants, 30 were certified to ISO 14001, 27 to OHSAS 18001 and five to ISO 50001 at the end of 2017. By the end of 2018, all new plants should have been integrated into the Geberit management system and any outstanding plants certified according to OHSAS 18001.

The annual preparation of a corporate eco-balance has been an established part of Geberit's environmental management since 1991. It covers 30 production plants worldwide, the logistics centre in Pfullendorf (DE), other smaller logistics units and the larger sales companies. Up to the end of June, only data on energy and water was captured from the two French ceramic plants that were closed. The corporate eco-balance permits an overall assessment of environmental impact in terms of eco-points. For the reporting in 2017, as in the previous year, the basic data from the internationally recognised Ecoinvent database (version 3.1) and the latest version of the method of ecological scarcity (version 2013) were used. The calculation was based on the national electricity mix.

The absolute environmental impact fell by 3.7% and CO₂ emissions by 2.9%. The environmental impact per net sales (currency-adjusted) dropped by 5.8%, or 6.1% in organic terms (adjusted for the divestment of the Koralle and Varicor business). This figure is slightly above the long-term target of 5% per year. This progress is founded largely on continuous improvements in efficiency at the energy-intensive ceramics plants. Since the acquisition of Sanitec in 2015, the absolute environmental impact has been reduced by 7.6%.

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 847.1 million is a significant production factor for Geberit. At around 13,000 TJ (previous year 12,200 TJ) – based on basic data from Ecoinvent (version 3.1) – the consumption of grey energy associated with purchased materials (including mineral raw materials of the ceramic plants and raw materials of the plant in Ozorków (PL)) is 4.4 times the entire energy consumption of the production plants themselves. This emphasises 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 use of materials depends on the various manufacturing processes: 17 plants for processing plastic and metal, ten plants for manufacturing sanitary ceramics, and three other plants for processing acrylic as well as aluminium and glass (in the case of shower partition walls). The range of manufacturing technologies used thus includes the areas of injection moulding, blow moulding, extrusion, metal-forming and thermoforming, assembly and ceramic production.

The most important materials for production are plastic and metal raw materials, mineral raw materials and various semi-finished products and finished products. A total of 414,637 tonnes of materials were used in 2017 (previous year 390,421 tonnes). Besides the mineral raw materials from the former Sanitec Group, these amounts now include the materials from the plant in Ozorków (PL). 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 internal and external sources.

Internal sources:

In terms of the raw material plastic, recycled material is primarily generated internally and is ground on site or via a decentralised mill and fed back into the process. The proportion fluctuates depending on the manufacturing process. For blow moulding it is around 35%, for injection moulding around 15%, depending on product class, and for pipe extrusion around 3%. This corresponds to a total of around 9,000 tonnes.

Raw materials are also recycled internally and fed back into the process in ceramic production. The recycling rate for the ceramic slip is around 10%, while this figure is 20 to 40% for the glaze.

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.

Extrapolated, the raw material metal purchased contains around 33,900 tonnes 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 tonne of new petrochemical-based plastic. Furthermore, between one to three tonnes less CO₂ are released into the atmosphere, depending on the material. In 2017, some 900 tonnes of ABS regranulate were used for various components in exposed and concealed cisterns. Thanks to an intelligent redesign, half of the material used for the flush valve can be made of high-quality ABS regranulate, for example. The use of plastic regranulate is generally to be increased further and applied to other product areas.

9.2 ENERGY (EN)

MANAGEMENT APPROACH – ENERGY

With a share of 96.5%, the consumption of energy in the form of electricity, combustibles and fuels represents Geberit's greatest environmental impact. A software introduced in 2012 permits monthly monitoring of water and energy consumption, as well as the Group-wide calculation of environmental impact and CO₂ emissions. In addition, a systematic energy monitoring and an energy master plan are being implemented in the most energy-intensive 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. Targets were also defined for the share of renewable energy sources as part of the development of a long-term CO₂ target that is compatible with the two-degree target set out in the Paris Agreement (science-based). By 2021, the share of renewable energy sources should account for 45% for electricity and 10% for combustibles.

At present, the German plants in Lichtenstein, Pfullendorf, Langenfeld, Wesel and Haldensleben are certified according to the ISO 50001 standard for energy management. Furthermore, all Geberit companies implemented the European Energy Efficiency Directive 2012/27/EU in 2015.

For the development of energy-efficient products, see → **Management Approach – Products and Services.**

G4-EN3 ENERGY CONSUMPTION WITHIN THE ORGANISATION

Geberit generally uses energy purchased externally. The direct energy carriers (Scope 1) include the combustibles natural gas, biogas, liquefied petroleum gas (LPG), diesel for power generation, heating oil extra light and solid combustibles, as well as the fuels diesel, gasoline, liquefied petroleum gas (LPG) and natural gas (CNG). The indirect energy carriers (Scope 2) include electricity and district heating.

Energy consumption decreased by 4.2% in the reporting year and is now 828.5 GWh, corresponding to a reduction of 3.6% when adjusted for the investments of the Koralle and Varicor business. Since the acquisition of Sanitec in 2015, it has thus been possible to reduce energy consumption by 9.2% in total, making a significant contribution to reductions in the environmental impact.

Combustibles (primarily from ceramic production), including district heating, still account for the greatest share of energy consumption at 69.2%, followed by electricity with 27.4% and fuels with 3.4%.

Renewable sources of energy are to be expanded continuously as a part of the sustainability strategy. Since 2012, a block heating station has been in use in Pfullendorf (DE). This plant was fed by 8.7 GWh of regionally produced biogas in 2017. The electricity generated by the plant (3.3 GWh) is fed into the transmission grid and the resulting heat (4.1 GWh) can be used in production, thereby reducing the use of natural gas. In total, renewable energy sources accounted for 5.3% of combustibles.

Since 2013, the roof area at the plant in Givisiez (CH) has been made available to an energy services provider for a 3,050 m² photovoltaic installation. It generated 0.5 GWh of electricity in 2017. However, this contribution is not included in the energy balance as the energy produced is managed by the regional energy supplier. Overall, the share of purchased green electricity was increased by 3 GWh to 47 GWh in 2017 – meaning that renewable sources of energy now account for 39.0% of total electricity consumption.

For detailed key figures on the consumption of combustibles and fuels (Scope 1), as well as electricity and district heating (Scope 2) and the electricity mix, see → **Key figures sustainability > Environment.**

G4-EN4 ENERGY CONSUMPTION OUTSIDE OF THE ORGANISATION

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

In 2017, purchased materials resulted in grey energy consumption of around 13,000 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 CO₂ emissions comprise direct and indirect emissions and are based on the Ecoinvent database (version 3.1) and the IPCC conversion factors from 2013, see → **G4-EN17.**

G4-EN5 ENERGY INTENSITY

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

G4-EN6 ENERGY SAVED

Important energy-saving measures in production include:

- The optimisation of production processes in terms of efficiency, scrap, stability, energy and resource consumption
- The continuous modernisation of the machine fleet and the purchase of energy-efficient equipment
- Increasing the capacity utilisation and efficiency of production equipment

- The optimisation 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 which show the reduction in energy consumption:

- Demolition and safe disposal of plant and infrastructure in Wesel and Langenfeld (DE), Bromölla (SE), Digoin, 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 Digoin, 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) with a reduction in electricity and natural gas consumption, reduced use of lubricants and lower quantities of hazardous waste. Implementation of first fully electrically driven production line.
- One further tunnel kiln for ceramic production was retrofitted with state-of-the-art burner Technology. Up to now, six state-of-the-art tunnel kilns have been installed, with a further five to follow.

G4-EN7 ENERGY-EFFICIENT PRODUCTS

The biggest environmental contribution by Geberit products lies in the conservation of water, which indirectly also saves on energy. According to the Ecoinvent database (version 3.1), some 10.3 MJ of energy are required and 0.64 kg of CO₂ emissions are released per cubic metre for the conveyance, processing and distribution of water and the subsequent treatment of the unpolluted waste water in a waste water 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 25,300 million cubic metres 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:

- Geberit's latest shower toilet, → **Geberit AquaClean Tuma**, which stands out with a sophisticated product concept and simple yet elegant design. It is offered as a complete solution including a rimless WC ceramic appliance. Alternatively, it is also available as a WC enhancement solution that can be combined with the previously installed ceramic appliances. The innovative WhirlSpray and heating-on-demand technology considerably reduces energy consumption compared to its predecessor.
- The → **Geberit urinal system** comprises urinals with electronic flush controls but also with completely waterless operation. The central elements are the two rimless urinal ceramics Preda and Selva, which were developed by Geberit. Thanks to the low consumption of resources and the option of a control system supplied with electricity by an autonomous energy source, the urinals satisfy the most stringent requirements for green building and economic operation. They are now also available for renovation projects as well. For this purpose, a proprietary environmental and cost calculator was developed for various sales companies, see → www.international.geberit.com > **Products > Geberit urinal systems > Urinal system sustainability calculator**.
- The modular → **Geberit tap system** is the ultimate in sophisticated installation technology, different energy concepts and elegant tap housings for the wall-mounted and deck-mounted taps. The taps can be mounted quickly and flawlessly. The mixer, valves, electronics and power supply are stored in a function box, which is mounted under the washbasin where it is protected from moisture. The product boasts both optimal user-friendliness and ease of installation as well as minimal water and energy consumption
- All mirror cabinets are equipped with state-of-the-art LED technology.
- The Geberit energy retaining valve uses a patented magnetic diaphragm system to cap the waste-water venting pipe above the roof. This opens only when required and ensures pressure compensation only when this is necessary. This helps avoid unnecessary heat loss and can save up to 50 litres of heating oil a year.

9.3 WATER (EN)

MANAGEMENT APPROACH – WATER

The → **water footprint**, which covers Geberit's entire value chain (including the impact of ceramic cisterns for the first time), 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, the environmental impact caused by water consumption and subsequent waste water treatment also accounts for only a minor share of the company's overall impact (1.1%). Despite this, Geberit also aims to serve as a role model with respect to its own water consumption and to further optimise its water consumption every year. This includes measures such as reusing water in laboratories and production processes.

Since 2016, Geberit has been publishing its detailed water balance as part of the CDP's Water Program.

G4-EN8 WATER CONSUMPTION

Water consumption dropped compared to the previous year by 0.4% to 1,129,893 m³ (previous year 1,133,946 m³). Above all, the manufacture of ceramic sanitary appliances requires a great deal of water, both for preparing the ceramic slip and glaze and for cleaning the moulds and systems.

Water consumption can be categorised into drinking water (28%), well water (48%), lake and river water (23%) and rain water (1%). 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

The water consumption of Geberit production plants 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 primarily responsible for much of the water requirements:

- Relatively large quantities of water are used in ceramic production. An initial estimate shows that 5 to 10% of the water used was also recycled internally, corresponding to around 88,500 m³ per year
- Newly developed products are tested at the Geberit sanitary laboratory in Rapperswil-Jona (CH). The tests required 101,680 m³ of water. Only around 3% or 2,874 m³ of this is fresh water. The remaining 97% was reused in a closed-circuit system.

9.4 EMISSIONS (EN)

MANAGEMENT APPROACH – EMISSIONS

Production emissions are recorded and analysed in detail as part of the corporate eco-balance. CO₂ emissions are particularly important to Geberit. → **Other air emissions** (NO_x, SO₂, hydrocarbons, etc.) are also recorded and calculated, but have a comparatively minor impact on the environment. Under the established → **CO₂ strategy**, the CO₂ emissions per net sales (currency-adjusted) should be reduced annually by 5% per year on average. Geberit is on track here, see

→ **G4-EN18**. In 2016, a long-term CO₂ target was established that is compatible with the two-degree target set out in the Paris Agreement (science-based). Within this context, Geberit plans to reduce its absolute CO₂ emissions (Scopes 1 and 2) by 6% between 2015 and 2021 to under 240,000 tonnes (based on organic growth). Specific goals for the share of renewable energy sources were also established: 45% for electricity and 10% for combustibles.

A CO₂ footprint across the entire value chain has been calculated since 2012. This carbon footprint covers the provision of raw materials, combustibles and fuels, the manufacturing of products at Geberit, logistics, use and disposal. With regard to the former Sanitec, only mineral raw materials and raw materials from the plant in Ozorków (PL) are taken into account. An analysis revealed that product use (69%) and the provision of raw materials (16.3%) are by far the largest sources of CO₂ emissions. During product use, the provision of water, treatment of unpolluted waste water and generation of hot water play a central role. Production by Geberit accounts for only 6% of total CO₂ emissions. Similarly, transport (1.3%), the provision of combustibles and fuels (1%) and the disposal (6.4%) of the products also cause only few emissions.

The measures for implementing the CO₂ 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 emissions is based on the internationally recognised Ecoinvent database (version 3.1), with the IPCC 2013 factors used, production-related process emissions included and the national electricity mix taken into account. The seven leading substances (CO₂ fossil, CH₄, N₂O, HFC, PFC, SF₆ and NF₃) are used for the calculation of the greenhouse gas emissions and shown as a sum parameter according to IPCC (CO₂ equivalents or simply CO₂).

G4-EN15 DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1) AND G4-EN16 INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 2)

In 2017, CO₂ emissions amounted to 242,796 tonnes (previous year 250,108 tonnes, corresponding to a decrease of 2.9%, or 2.5% in organic terms (adjusted for the divestment of the Koralle and Varicor business). CO₂ emissions per net sales (currency-adjusted) fell by 5.1% (in organic terms 5.8%), meaning that Geberit slightly exceeded its long-term target of 5% per year.

At 49.0%, combustibles are the largest source of CO₂, followed by electricity at 47.7% and fuels at 3.1%, as well as process emissions and district heating at 0.2% in total. The purchase of 47 GWh of green electricity in Pfullendorf and Weilheim (DE), Kolo (PL), Bromölla and Mörrum (SE), Givisiez (CFI) and Daishan (CN) meant that it was possible to reduce CO₂ emissions by around 21,800 tonnes.

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:

- Raw materials used and the resulting CO₂ emissions at 667,065 tonnes (previous year 632,225 tonnes).
- The provision of combustibles and fuels, which accounted for 35,920 tonnes from combustibles and 5,335 tonnes from fuels in 2017.
- CO₂ emissions of power generation from the upstream chain are included → **G4-EN15**.
- Logistics (see → **G4-EN30**), which caused a total of 52,075 tonnes of CO₂ emissions in 2017 (previous year 42,179 tonnes). The increase was mainly caused by additional locations included as well as the rise in sales and the related expansion in transport volumes.
- Business travel by air, at 1,626 tonnes of CO₂ emissions (previous year 1,655 tonnes).

G4-EN18 GREENHOUSE GAS EMISSIONS INTENSITY

CO₂ emissions (Scopes 1 and 2) in relation to currency-adjusted net sales decreased by 5.1%. In organic terms (adjusted for the divestment of the Koralle and Varicor business) by 5.8%. This figure is slightly above the long-term target of 5% per year.

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G4-EN19 INITIATIVES TO REDUCE GREENHOUSE GAS EMISSIONS

In 2016, Geberit purchased another 3 GWh of certified green electricity, bringing the total to 47 GWh. Overall, renewable energy sources thus accounted for 39.0% of electricity (previous year 37.7%). According to the CO₂ strategy, the share of renewable energy sources should be expanded by 3 GWh annually so that it reaches 45% by 2021.

For combustibles, the share of renewable energy sources should be increased to 10% by 2021. The block heating station in Pfullendorf (DE), which was commissioned in 2012 and which was fed by 8.7 GWh of regionally generated biogas in 2017, makes a key contribution. In addition, 8.4 GWh of wooden pellets were burned and 13.1 GWh of district heating were obtained from a paper mill. This brought the share of renewable energies for district heating and combustibles to 5.3% in total in 2017 (previous year 6.3%).

Fuel consumption is determined primarily by the company's own and leased fleet of cars and delivery vans. Since early 2008, binding guidelines have applied for the purchase of new vehicles. An emission value of 100 grams of CO₂/km is to be reached by 2020, as targeted by the EU.

Substantial volumes of CO₂ emissions can also be saved by consistently applying eco-design principles in new product development. One concrete example is the flush valve type 240 for cisterns. Half of the material used is made of high-quality ABS regranulate. Indirectly, this means that almost 500 tonnes of CO₂ can be saved annually, corresponding to savings of about 1 GWh of average European electricity.

Geberit also promotes awareness among all employees for the promotion of environmentally friendly behaviour. New employees receive training on the subject of sustainability at Geberit as part of their job orientation programme. In the largest plants, this is also tailored to the target group of production employees. There are also local initiatives, e.g. tree planting work, forest clearing, environmental competitions and environmental newsletters.

All targets and measures for improving the carbon footprint 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 corporate eco-balance using the base data from the Ecoinvent database (version 3.1). The calculation includes both direct emissions (Scope 1) from the burning of combustibles and fuels and process emissions (solvents) as well as indirect emissions (Scope 2) resulting from electricity consumption and the provision of district heating.

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

G4-EN21 NO_x, SO₂ AND OTHER AIR EMISSIONS

Emissions of NO_x, SO₂, NMVOC (non-methane VOC) and dust (PM10) can be calculated on the basis of the Geberit corporate eco-balance using the base data from the Ecoinvent database (version 3.1). The calculation includes both direct emissions (Scope 1) from the burning of combustibles and fuels and process emissions (solvents), as well as indirect emissions (Scope 2) resulting from electricity consumption and the provision of district heating.

Key figures concerning emissions can be found at → **Key figures sustainability > Environment**.

9.5 EFFLUENTS AND WASTE (EN)

MANAGEMENT APPROACH – EFFLUENTS AND WASTE

Waste disposal accounted for 1.8% of the overall environmental impact in 2017. The reduction and safe handling of waste water and waste is promoted at the plants within the scope of the environmental management system according to ISO 14001. Waste is sorted so that as much as possible is recycled, and as little as possible has to be incinerated or sent to landfill sites.

As part of the European vision for a resource-saving circular economy, efforts are being made to generate secondary material for other processes from waste. In both the Kolo and Wloclawek ceramic plants in Poland, for example, gypsum waste from ceramic production, which had previously been disposed of as waste to landfills, is now being used as secondary material in the cement industry since the end of 2016. This reduces waste quantities in landfills by around 6,000 tonnes per year.

G4-EN22 WATER DISCHARGE

The 2017 figure for waste water was 811,769 m³ (previous year 846,998 m³). At 72%, process waste water from the production of sanitary ceramics accounted for the largest share of the total. Other important categories are domestic waste water (25%), which passes into the communal waste water treatment plant or is pretreated and fed into receiving waters, and other waste water (3%), which is pretreated and fed to a communal waste water treatment plant. Waste water was not directly reused by third-party companies. Geberit does not engage in the un-planned discharge of water. All resulting process waste water and domestic waste water is treated.

Key figures on waste water can be found at → **Key figures sustainability > Environment**.

G4-EN23 WASTE

The total waste quantity in 2017 was 81,953 tonnes (previous year 79,864 tonnes).

72% of waste was channelled to external recycling processes (previous year 74%). The measures focused on the further separation of waste and the reduction of mixed waste and hazardous waste, as well as the utilisation as secondary material.

Key figures concerning waste by category are provided at → **Key figures sustainability > Environment**.

G4-EN24 SPILLS AND CONTAMINATION

There were no spills of chemicals in the reporting period.

G4-EN25 TRANSPORT OF HAZARDOUS WASTE

In 2017, 896 tonnes of hazardous waste (previous year 417 tonnes) were disposed of by incineration and 599 tonnes of hazardous waste (previous year 609 tonnes) 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

Sustainable products play a pivotal role for Geberit in generating added value for customers and society and for contributing to sustainable development as set out by the → **UN Sustainable Development Goals**. With its solutions in front of and behind the wall, Geberit spans the entire flow of water within a building. They optimise significant aspects of the system as a whole, such as water and energy consumption or sound insulation. In addition to its quality, durability and high degree of water and resource efficiency, the Geberit product range also impresses with its good environmental compatibility and 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 minimised 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 and an integral part of the development process. 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. In addition, they ensure that environmentally relevant data is collected and made available for later use, something which is of particular benefit to digital planning using → **BIM** (Building Information Modelling). 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 the development process and provide arguments for the use of resource-efficient products. Detailed life cycle assessments have already been prepared for the following products: waste water and drinking water pipes, AquaClean Mera, electronic washbasin tap types 185/186 and Piave, concealed cisterns, urinal control systems, urinal systems and now also for sanitary ceramics. The environmental product declarations (EPDs) in accordance with the European standard EN 15804 are becoming increasingly important and can also be used directly for green building standards such as LEED. These show relevant, comparable and verified environmental data on products in a transparent manner.

The biggest environmental contribution by Geberit products lies in the conservation of water. An analysis of the entire value chain in the form of a → **water footprint** shows that nearly 100% of water consumption is attributable to the product use 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 25,300 million cubic metres of water in comparison with traditional flushing systems. In 2017 alone, the water saved amounted to 2,650 million cubic metres. 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. In 2017, Geberit played a key role in establishing the European Bathroom Forum (EBF). One of the first tasks was the launch of a new European water label as a voluntary and flexible instrument to support customers in the selection of resource-efficient products. This aims to help achieve the EU goals for resource efficiency. In addition, Geberit collaborated with FECS (European Federation of Ceramic Sanitaryware Manufacturers) to draw up a voluntary European standard for assessing the sustainability of ceramic sanitary appliances (EN 16578).

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. For concrete examples of the latest new products, see → **G4-EN7**. Current examples that make a particular contribution to reducing environmental impact are as follows:

- Thanks to an intelligent redesign, the fill valve type 333 for cisterns is now both flow-optimised and extremely quiet. It uses 15% less materials in the manufacturing process, with 20% of the plastic in the valve made up of regranulate.
- Ongoing optimisation of the ceramic product range helps reduce the number of different products, while cutting down on resource usage in manufacture, storage and distribution.
- Expansion of the range of rimless WC pans helps to simplify cleaning and cut down on cleaning agents.

G4-EN28 RECLAIMED PACKAGING MATERIAL

In 2017, around 20,900 tonnes of packaging material were used, of which over 75% was collected and recycled by Geberit or by financed contractual 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 recognised 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, and is monitored as part of the annual Group-wide survey on compliance with the Code of Conduct at all companies.

G4-EN29 SANCTIONS DUE TO NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

In the reporting year, Geberit received a fine for exceeding a threshold value in waste water.

9.8 TRANSPORT (EN)

MANAGEMENT APPROACH – TRANSPORT

Group logistics is being further standardised and harmonised. The logistics centre in Pfullendorf is the hub for almost all Geberit sanitary technology products. With a view to future growth and the continued optimisation of existing logistics processes, the decision was made in 2014 to further expand the capacities of this centre. The commissioning of the new buildings and infrastructures, which also include a storage area for long goods (pipes of up to six metres in length), was carried out as planned in the first quarter of 2017. The distribution of the Mapress pipe range, which had been operated separately at the production site in Langenfeld (DE), was subsequently relocated to Pfullendorf in the second quarter of 2017. As a result, the distribution of Geberit's sanitary technology is now coordinated globally in Pfullendorf and handled there for all markets. Man and technology work hand in hand in the new logistics centre. Touchscreens, glove scanners, integrated voice control systems and built-in lift tables as well as lifting devices make the work efficient, safe and ergonomic. The new building brought about a further optimisation of logistics processes.

The logistics infrastructure of the ceramic business comprises 14 distribution sites of varying sizes across Europe. The integration of the ceramic business into Group logistics continued in 2017. The Geberit Logistics Operation System (G-LOS) was successfully introduced. G-LOS is the standard system for logistics and is used to continuously improve business processes.

Geberit does not have its own transport fleet, having outsourced this to external transport service providers. Intercompany and distribution logistics play a major part in Geberit's environmental impact, amounting to a significant proportion 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 annual 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 eco-balance.

G4-EN30 ENVIRONMENTAL IMPACT OF TRANSPORT

Compared to the previous year, the logistics calculator was expanded to include two locations from the former Sanitec. In the reporting year, the largest transport service providers handled 415.1 million tonne-kilometres (previous year 302.6 million tonne-kilometres). This generated 52,075 tonnes of CO₂ emissions (previous year 42,179 tonnes). The increase in transport services and CO₂ emissions was mainly caused by the increase in locations included as well as the rise in sales and the related expansion in transport volumes. The share of transport services handled by Euro 5 trucks was 73% and the share handled by state-of-the-art Euro 6 vehicles 23%.

Great importance is attached to central transport management as the interface between plants, markets and transport service providers in order to enable cost- and resource-optimised transport solutions. By integrating the distribution of the Mapress range, customers now receive their entire sanitary technology order in a single truck delivery. This not only reduces the number of empty kilometres, it also increases truck capacity utilisation and reduces CO₂ emissions.

Where possible, Geberit takes the opportunity to shift truck traffic to rail. 80% of the goods transported to Italy and 30% of those transported from Italy are moved by train. Consignments by rail to Turkey increased by 50%, while the percentage of rail consignments from Pfullendorf to customers in Switzerland rose to 15% thanks to the commissioning of a new Swiss logistics terminal with links to the rail network.

With regard to transportation by truck, Geberit continues to look for options for transporting even more goods per truck or using larger shipping containers. As such, the percentage of "high cube swap bodies" (offering around 10% more capacity) deployed from the logistics centre in Pfullendorf is being successively increased. In addition, the use of long trucks (with a length of up to 25 metres and a total weight of up to 60 tonnes) in Scandinavia increased load volumes and the number of transported pallets per truck by around 40%.

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 → **Geberit Code of Conduct** fills this objective with tangible content and offers an authoritative source of guidance.

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

First-rate employees guarantee the company's success in the future. With this in mind, efforts were again made in 2017 to position Geberit on the job market as an attractive employer with an open corporate culture and international development opportunities at the interface between craft, engineering and sales. To lend this endeavour even greater visibility, the Geberit employer brand was given a makeover as part of the new Corporate Design. This focuses on employees at the workplace, with the aim of enhancing our image further.

10.1 EMPLOYMENT (LA)

MANAGEMENT APPROACH – EMPLOYMENT

Geberit's prime objective is to acquire and retain the right employees for the company. Geberit sees itself as an attractive employer with an open corporate culture that offers international development opportunities at the interface between the craft, engineering and sales sectors, see → www.geberit.com > **Career** > **What we offer**.

Employees enjoy attractive employment conditions. In 2017, salaries and social benefits amounted to CHF 746.8 million (previous year CHF 702.0 million). The employees can also participate in share participation plans at attractive conditions, see → **Financial Report** > **Consolidated financial statements Geberit Group** > **Notes** > **Note 17** 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 9% (previous year 11.3%). Including natural departures, it was 10.9% (previous year 12.7%). 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 paid maternity leave, and 5.5% or 120 women made use of this in 2017. 68 women or around 57% returned to Geberit following their maternity leave.

99% of all permanently employed men are entitled to paid paternity leave, and 3.9% or 265 men made use of this in 2017. 260 men or around 98% returned to Geberit following their paternity leave.

10.2 OCCUPATIONAL HEALTH AND SAFETY (LA)

MANAGEMENT APPROACH – OCCUPATIONAL HEALTH AND SAFETY

The health and safety of employees is of major importance. Geberit wants to gradually get nearer to the target of having healthy employees within an accident-free company. Each of the 30 production plants and logistics has a safety manager. The sites Rapperswil-Jona (CH) and Pfullendorf (DE) also have an appointed health manager. Since the beginning of 2017, the "Geberit Safety Team" – a team of experts from all production areas – has also been playing an active role in addressing the issue of occupational health and safety.

Using 2015 as the reference year, the aim is to halve the number of accidents by 2025. By then, the AFR (Accident Frequency Rate) is to be reduced to a value of 5.5 (accidents per million working hours) and the ASR (Accident Severity Rate) to 90 (number of days lost per million working hours). The key figures are reviewed on a monthly basis at the production plants. Since the start of 2017, the Group Executive Board has also been provided with a compact report on a quarterly basis. In addition, all plants are to implement the OHSAS 18001 standard for occupational health and safety by the end of 2018. Occupational safety has also been part of the annual appraisal of plant managers since 2013.

In the Geberit Safety System (GSS), processes are defined that are applicable throughout the Group and aim to enhance the operational safety of employees on an ongoing basis. The two processes "Risk assessment of workplaces" and "Safe handling of quartz dust" have been implemented uniformly throughout the Group since 2017. In 2017, work also began on implementing a software-based solution for capturing and systematically analysing accident data, the aim being to create a sound, comprehensive stock of data and a more efficient process.

As part of its Group-wide efforts to support employees' health and well-being, Geberit also offers its employees precautionary healthcare opportunities through various offers and activities. These include, for example, sports facilities, anti-smoking trainings, health check-ups, massage services, dietary and health tips, presentations on health-related issues and workshops on targeted and correct relaxation. A comprehensive vitality programme is established at the sites in Jona (CH), Pfullendorf (DE), Pottenbrunn (AT), Ruše (SI), Kolo and Wloclawek (PL). The focus is placed on promoting personal vitality strategies with an attractive range of offers in the five fields of action exercise, nutrition, mental fitness, energy and vitality.

Furthermore, reintegration counselling is offered, 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 counselling 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.

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

89.7% of all employees worldwide are represented through an occupational health and safety panel or safety committee at their site, in which employer and employee representatives can discuss occupational health and safety issues. The occupational health and safety panels are carried out on behalf of the General Management and involve all levels of the organisation as well as various specialist roles and areas (including company physicians, works council, occupational safety specialists, representatives of occupational health and safety unions).

G4-LA6 ACCIDENTS, OCCUPATIONAL ILLNESS AND LOST TIME

The Group-wide absenteeism rate based on regular working hours for the reporting year was 4.76% (previous year 4.60%). Illness-related absences accounted for 4.62% of this rate (previous year 4.46%) and 0.14% was related to occupational accidents (previous year 0.14%). The statistics show only those occupational accidents that occur during working hours or business travel and lead to lost working time of one working day or more. A total of 205 accidents were recorded (previous year 202 accidents), equivalent to 4,065 lost working days due to occupational accidents (previous year 4,305 lost working days). There were no serious or fatal accidents.

The accident frequency rate (AFR) and the accident severity rate (ASR) are recorded in a standardised manner. These rates are calculated as the number of accidents or the number of lost working days per one million hours worked. The accident frequency rate (AFR) increased by 5.1% in 2017 to 10.3 (previous year 9.8). The accident severity rate (ASR) decreased slightly by 2.7% to 203.8 (previous year 209.4).

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

There are certain operational activities at Geberit, particularly in ceramic production, involving an increased risk of silicosis (dust disease). The risks lie particularly in the handling of raw materials, glazing and further processing (e.g. grinding). Geberit makes substantial efforts towards either avoiding the exposure of employees to these risks (e.g. through the installation of glazing robots) or minimising this exposure (e.g. through the use of special extraction devices, dust masks or the provision of training in correct behaviour at the workplace). This topic is also systematically addressed as part of the Geberit Safety System and certification according to OHSAS 18001. Furthermore, Geberit participates in the NEPSI programme as a member of FECS, a sub-organisation of Cerame-Unie (European Ceramic Industry Association). This includes monitoring the exposure of employees to quartz dust and the implementation of best practices.

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 the majority of production and sales companies with parties such as trade unions and employee representatives. These 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. 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 programmes 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.

The standard Performance assessment, Development and Compensation (PDC) process has been in place since 2012. This standardised process enables the company to gain an overview of the available potential. PDC has several goals: reinforce the performance culture, increase transparency, and recognise and promote talent more effectively in order to make the organisation future-proof. Except for the employees who work directly in production at the plants, the vast majority of employees has now been incorporated into the PDC process.

G4-LA9 EMPLOYEE EDUCATION AND FURTHER TRAINING

In the reporting year, employees across the Group attended on average around 11 hours of internal and external education and further training (previous year 10 hours). For key figures by gender and employee category, see → **Key figures sustainability > Employees and society**.

The transfer rate of apprentices to a permanent employment relationship was 83%. The target remains 75%.

G4-LA10 PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING

The Potentials Management Programme remains a priority. The aim is to selectively identify talents throughout the company and support them along their path to middle or senior management. Initial experience of managerial or project management responsibility is part of this. The problems investigated in project work as part of the programme are geared towards the reality at the company and provide the decision-makers involved with concrete bases for action. The Potentials Management Programme is intended to help fill at least half of all vacant managerial positions within the company with internal candidates. In 2017, this was achieved for 76% of all Group management vacancies.

All apprentices are essentially required to work at several sites during their training. As a global company, Geberit promotes the internationalisation of employees. Experience abroad and the transfer of know-how are an advantage for both employees and the company. Therefore, apprentices have the option of working abroad for a period of six months on completion of their apprenticeship.

There were also 154 internships and 24 diploma placements offered in 2017.

For further information, see → **Business Report > Business and financial review > Financial Year 2017 > 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. Just under 80% of all employees received appraisal interviews in 2017 at which development opportunities were also identified and discussed. As part of the standardised global Performance assessment, Development and Compensation process (PDC), employees receive a performance assessment and/or agreement of objectives at least once a year.

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 creating 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 colour, 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 2017 was 23% (previous year 24%), and for senior management this figure was 8.4% (previous year 9.2%). The six-member Board of Directors has one female member. No further data on minority group membership is currently being collected as Geberit and its stakeholders do not consider this to be relevant. For key figures on diversity in terms of gender and age structure, see → **Key figures sustainability > Employees and society.**

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:

- Job assessment by function in accordance with the proven Hay method on the basis of know-how, thinking ability and accountability. All jobs are pooled in a Group-wide grading system. The resulting grade is the basis for determining an employee's pay. This guarantees gender-neutral, fair salary structures.
- Binding wage agreements with set pay grades at many Geberit sites.

G4-LA13 GENDER-BASED DIFFERENCES IN SALARIES

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

10.6 SUPPLIER ASSESSMENT FOR LABOUR PRACTICES (LA)

MANAGEMENT APPROACH – SUPPLIER ASSESSMENT FOR LABOUR PRACTICES

See → **chapter Suppliers.**

G4-LA14 SCREENING OF SUPPLIERS USING LABOUR PRACTICES CRITERIA

See → **chapter Suppliers.**

G4-LA15 IMPACTS FOR LABOUR PRACTICES IN THE SUPPLY CHAIN

See → **chapter Suppliers.**

10.7 LABOUR PRACTICES GRIEVANCE MECHANISMS (LA)

MANAGEMENT APPROACH – LABOUR PRACTICES GRIEVANCE MECHANISMS

Employees who openly address irregularities which represent breaches of applicable law, ethical standards or the 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 manage these swiftly and reliably. By openly addressing such issues, 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. The 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 LABOUR PRACTICES

In the reporting year, the Geberit Integrity Line recorded one significant incident, which was subsequently investigated. This resulted in the discovery of shortcomings at a local company, which were then rectified.

11. HUMAN RIGHTS (HR)

As part of the → **Geberit Code of Conduct**, Geberit undertakes to comply with all laws, guidelines, norms and standards. This also includes assuming responsibility along the value chain, see → **chapter Suppliers**. Geberit is committed 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 process for the implementation of the Code of Conduct and its review of compliance, see → **chapter Society**.

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

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 System, 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, see also → **chapter Society**.

G4-HR1 HUMAN RIGHTS ASPECTS IN INVESTMENT AGREEMENTS

In 2017, there was no investment agreement in countries or areas that pose a special risk in terms of human rights violations. The integration of the former Sanitec only comprised European sites. The Geberit Compliance System was extended to the companies of the former Sanitec in 2015.

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

G4-HR2 HUMAN RIGHTS TRAINING FOR EMPLOYEES

All new employees at Geberit are trained on the Code of Conduct as part of the Welcome events, with specific training films on the topics of corruption, IT misuse, workplace bullying and sexual harassment deployed especially for this.

The subject of compliance is uniformly positioned throughout the Geberit Group. The joint Geberit Intranet serves as an important basis for this, presenting and explaining the compliance organisation and Code of Conduct on a dedicated page. In parallel to this, management have been requested by means of a circular letter to ensure that all employees without intranet access receive the same information via a suitable channel.

11.2 NON-DISCRIMINATION (HR)

MANAGEMENT APPROACH – NON-DISCRIMINATION

The → **Geberit Code of Conduct** forbids discrimination as defined in the ILO core labour 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 behaviour are forbidden. Compliance with the Code is verified annually as part of a Group-wide survey. The Geberit Integrity Line is available to all employees as a whistleblower hotline, see → **Labour practices grievance mechanisms**.

G4-HR3 CASES OF DISCRIMINATION

According to the annual Group-wide survey, two cases of sexual harassment were identified in 2017. These matters were settled amicably with the individuals concerned, each resulting in a warning being issued. In addition, four cases of workplace bullying were reported and investigated. Two of these cases were clarified in discussions with the individuals concerned, with one case resulting in a warning. Two cases were still being investigated at the time of the survey.

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 organisations. No rights with respect to exercising freedom of association or collective bargaining as defined in the ILO core labour 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 Group-wide survey, no infringements of the guarantee of freedom of association and collective bargaining were identified in 2017.

11.4 CHILD LABOUR (HR)

MANAGEMENT APPROACH – CHILD LABOUR

Geberit's exposure with respect to child labour is considered low because of its industry, business model 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 labour is categorically rejected.

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

G4-HR5 RISK OF AND PRECAUTIONARY MEASURES AGAINST CHILD LABOUR

According to the annual Group-wide survey there were no cases of child labour revealed in 2017. There were likewise no such cases arising during the audits carried out at suppliers.

11.5 FORCED OR COMPULSORY LABOUR (HR)

MANAGEMENT APPROACH – FORCED OR COMPULSORY LABOUR

Geberit's exposure with respect to forced or compulsory labour is considered low because of its industry, business model 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 labour is categorically rejected.

The basic principles set out in the → **Geberit Code of Conduct for Suppliers** explicitly include compliance with the ILO core labour standards for the exclusion of forced or compulsory labour.

G4-HR6 RISK OF AND PRECAUTIONARY MEASURES AGAINST FORCED LABOUR

According to the annual Group-wide survey there were no cases of forced or compulsory labour revealed in 2017. 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 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 programme for the periodic inspections of the production and sales companies by the Internal Audit Department. In 2017, the Internal Audit Department audited a total of 23 companies. In the reporting year, no evidence of human rights violations was found during the various inspections.

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 IMPACTS RELATED TO HUMAN RIGHTS 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 → **Geberit Compass**, a key compliance element describes the cornerstones of the corporate culture, namely the joint mission, the shared values, the operational principles and the success factors to be considered by all employees. This was presented and explained in the Group-wide employee magazine, which is published in six languages.

In order to guarantee compliance with the requirements of the Code of Conduct, Geberit has established an effective compliance system that focuses on the five following key topics: 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, annual reporting on the Code of Conduct and the Geberit Integrity Line – a whistleblower hotline for employees. A separate Integrity Line has been available for suppliers since 2017.

As only very few companies work with agents, there is no significant risk exposure in this area. Nevertheless, a → **Code of Conduct for business partners** was drawn up in 2016 based on the Geberit Code of Conduct and communicated to the agents by the managing directors of the local sales companies.

Anti-corruption and anti-competitive behaviour in particular are material aspects in the GRI category Society. Corporate Legal department is responsible for their implementation.

As part of the annual reporting on the Code of Conduct for Employees, compliance with the requirements set out there is subject to controls. All companies receive over 50 questions on the five above-mentioned key topics. 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 the annual report.

With respect to measures and objectives in 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 on prevention and employees receive training in this area. Compliance with the guidelines is monitored as part of an annual survey at all Geberit Group companies (see the individual indicators for the results). The Internal Audit Department conducts additional on-site audits. In the event of misconduct, corrective measures are taken.

G4-SO3 ANALYSIS OF BUSINESS UNITS IN TERMS OF RISKS OF CORRUPTION

According to the annual survey carried out at all Geberit Group companies, there were no cases of corruption in 2017.

The topic of corruption is also a component of the audit programme 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 high risk profile. In 2017, the Internal Audit Department audited a total of 23 companies. No cases of corruption were discovered in these audits.

G4-SO4 TRAINING ON ANTI-CORRUPTION POLICIES

All new employees at Geberit are trained on the Code of Conduct as part of the Welcome events, with specific training films on the topics of corruption, IT misuse, workplace bullying and sexual harassment deployed especially for this.

Employees throughout Geberit are also provided with information via the intranet about what is permitted and what is not. Guidance on the correct handling of donations (i.e. anti-corruption guidelines) were updated in 2015 and made accessible to the relevant employees (Purchasing, Sales) via the various communication channels.

G4-SO5 ACTIONS TAKEN IN RESPONSE TO INCIDENTS OF CORRUPTION

No measures were necessary, as no case of corruption was identified in 2017.

12.2 ANTICOMPETITIVE BEHAVIOUR (SO)

MANAGEMENT APPROACH – ANTICOMPETITIVE BEHAVIOUR

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

The guidelines on antitrust legislation were updated and communicated in 2015 via the managing directors of all companies and the intranet.

E-learning courses represent an efficient way to train staff on antitrust legislation, an issue that is particularly sensitive for Geberit. In the reporting year, the sales companies outside Europe were trained on the topic of antitrust legislation using this mode of learning. The same topic was also taught to staff directly at the sales company in the UK by one of the Group's antitrust legislation specialists.

G4-SO7 ANTI-COMPETITIVE BEHAVIOUR

Proceedings against Geberit have been pending with the Swedish competition authorities since 2015. Geberit is cooperating fully with the authorities.

The appeal proceedings before the European Court of Justice initiated by the European Commission against a ruling by the European Court of first instance remain pending. These concern the known "bathroom antitrust proceedings" dating from 2010 that affected companies of the former Sanitec.

12.3 COMPLIANCE (SO)

MANAGEMENT APPROACH – COMPLIANCE

The → **Code of Conduct** ensures that Geberit complies with all laws, directives and internationally recognised standards. Often, the company even exceeds the minimum statutory requirements.

Geberit deploys a comprehensive process for the implementation of the Code of Conduct and its review of compliance, see → **chapter Society**.

G4-SO8 SANCTIONS DUE TO NON-COMPLIANCE WITH REGULATIONS

In 2017, fines were imposed on Geberit in two cases. In the first case, an employee who had been absent for a lengthy period of time had not been paid a visit by the company physician prior to reintegration in the workplace. In the second case, a threshold value in the waste water was exceeded, see → **G4-EN29**.

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 optimisation 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 organisational distinction is drawn between Product Development and Quality Management. In addition, many products are also examined by external authorisation 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.

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 management includes 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 optimise the use of suitable and ecological materials. If 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 were no court judgements or warnings against Geberit in the reporting period involving contraventions of regulations on the health and safety of products and services or product and service information.

13.2 PRODUCT AND SERVICE LABELLING (PR)

MANAGEMENT APPROACH – PRODUCT AND SERVICE LABELLING

Most of Geberit's marketing activities continued to target plumbers and planning offices. Besides new or revamped digital tools, proven measures were continued – such as customer visits, training, and the publication of regularly updated technical documents, catalogues, brochures and magazines.

Building Information Modelling (BIM) is an interdisciplinary planning method for optimising the entire planning and building process and enables architects, sanitary engineers and building owners to share information efficiently. This helps them to avoid planning errors and improve productivity. In 2017, a dedicated team of BIM experts to develop BIM tools and prepare BIM data within the Geberit Group was put together.

Corporate Marketing is responsible for the labelling of products and services. Conveying product and application information in accordance with laws, standards and target groups is one of the main tasks of the Technical Documentation department that forms part of Corporate Marketing. 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 information is provided for the plumber, architect and engineer target groups via various handbooks and skills brochures. In addition, product and safety data sheets are available for all products and target groups.

The end user target group is becoming more and more important in the conveying of product information, as Geberit is addressing end users with more and more products. Geberit ensures safe handling and correct labelling by means of detailed operating documentation based on the prevailing standards and laws.

G4-PR3 PRODUCT LABELLING

Products involving the use of electricity, gas or dangerous substances – or those containing such substances – need to be appropriately labelled 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 labelling requirements. The distributor/supplier 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 labelling in order to facilitate recycling.

Geberit has joined forces with the European Bathroom Forum (EBF) founded in 2017 to work on a new European water label that is to be used for a wide range of sanitary products. This is an all-encompassing, voluntary and flexible instrument launched by the sanitary industry to support EU goals on resource efficiency.

Since 2017, the first bathroom furniture series from the brands Keramag and Sphinx are made of FSC® certified (FSC-C134279) materials, while the first products in the Ifö Sense bathroom furniture series received the "Nordic Swan" ecolabel.

G4-PR4 NON-COMPLIANCE WITH LABELLING REQUIREMENTS

In 2017, there were no significant violations of applicable laws or voluntary codes.

G4-PR5 CUSTOMER SATISFACTION

Geberit's product portfolio comprises of more than 40,000 sales articles, a range that calls for extensive know-how on the procurement, assembly and functionality of each product. This knowledge is essential in order to hone the specialist skills of the employees and prepare them for the challenges posed by the market, as well as to stand out as a company with qualified specialist personnel. In order to ensure that this know-how is kept up-to-date, Geberit has developed the Geberit Campus – an international learning platform for employees that can be used in every market. The Campus enables Geberit to centrally collect and provide know-how. Furthermore, interactive e-learning courses and seminars are offered at the Geberit Information Centres. Geberit products and areas of expertise such as fire protection and sound insulation are focal points of knowledge transfer.

In a written survey conducted at the end of 2016, over 10,000 customers in Switzerland were asked about their satisfaction with Geberit products and services. Almost 900 plumbers, sanitary engineers and architects responded. Innovation and expertise most strongly characterise the image of Geberit (90% and 92% agreement respectively). Geberit is also clearly perceived to be responsible and sustainable (72%) and a fair partner (71%). The excellent assessments and competitiveness of the individual products are pleasing – particularly with regard to quality – as is the high satisfaction with the technical advice given. In 2017, Geberit's customer service team conducted a random online survey in Switzerland of end users after they had received a service call. The response rate was over 40%, with around 96% of the replies confirming that users were either very satisfied or satisfied with the service received.

For further information, see → **Business Report > Business and financial review > Financial Year 2017 > 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

In 2017, no sanctions have been imposed in connection with Geberit products and services due to non-compliance with product liability regulations.

14. SUPPLIERS (SU)

14.1 DESCRIPTION OF THE ORGANISATION'S SUPPLY CHAIN

Corporate Purchasing is responsible for procurement in all production plants worldwide (except the USA) and manages the procurement organisation through a team of lead buyers who are strategically responsible for various material groups.

Geberit's production processes entail a high in-house production depth, i.e. it largely purchases raw materials and semi-finished products with a high share of raw materials. In so doing, material costs represent a relatively low share of Geberit net sales.

The raw materials and semi-finished products primarily come from suppliers in Western Europe (79.5% of procurement value). The share of the procurement volume from Asia amounts to 9.1%, that from Eastern Europe 9.1%, that from America 2.0% and that from Africa 0.3%. 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 (28.8%), semi-finished products (42.7%) and finished products (28.5%) with a procurement value of CHF 847.1 million (previous year CHF 789.3 million) from some 1,850 suppliers across the world in 2017.

14.2 MANAGEMENT APPROACH – SUPPLIER ASSESSMENT USING SUSTAINABILITY CRITERIA

Geberit's suppliers are obligated to maintain comprehensive standards. The basis for the cooperation is the → **Code of Conduct for Suppliers** that was amended in 2016 and translated into a further 13 languages. The Code is aligned with the principles of the UN Global Compact and is binding for every new supplier. It comprises specific guidelines on quality and meeting environmental, labour 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 standardised processes and according to the same criteria: company as a whole, quality, sustainability, price, procurement chain, 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 on environmental and occupational safety that is based on the division of suppliers into risk classes – depending on the production location (country) and type of production process. In 2017, material groups that had been added due to the acquisition of Sanitec were subjected to systematic auditing and included in risk management. In addition, the classification of existing material groups into certain risk categories was reviewed. As a result, the number and procurement value of suppliers in the highest risk category increased. In the reporting year, 192 existing suppliers were identified in the highest risk category which corresponds to around 8% of the procurement value of Geberit. A systematic planning and performance of audits is conducted for these suppliers. To ensure neutrality and the expertise required for the audits, Geberit also works with an external partner. This procedure has been carried out for years and has proven effective, and makes an important contribution towards 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.

Since 2017, an Integrity Line has also been available to suppliers for anonymously reporting irregularities in the procurement process. In the reporting year, one case that was deemed significant was reported. Appropriate steps are being taken to investigate this matter.

14.3 PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING SUSTAINABILITY CRITERIA

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

14.4 SUSTAINABILITY-RELATED IMPACTS IN THE SUPPLY CHAIN

As of the end of 2017, a total of 1,379 suppliers have signed the Code of Conduct for Suppliers (previous year 1,084). This equates to over 90% of the total procurement value. Among the top 200 suppliers, the consolidated share of companies that have signed has already reached 99% (previous year 95.5%).

In 2017, four third-party audits were carried out at suppliers in Bulgaria and China. The results showed that the majority of occupational safety and environmental standards are complied with. Appropriate corrective measures are agreed in cases of non-compliance.

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 analysed.